HUNGER, NUTRITION, OLDER AMERICANS: THE IMPACT OF THE FISCAL YEAR 1983 BUDGET

HEARING

BEFORE THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

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HUNGER, NUTRITION, OLDER AMERICANS: THE IMPACT OF THE FISCAL YEAR 1983 BUDGET

THURSDAY, FEBRUARY 25, 1982

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m., in room 4232, Dirksen Senate Office Building, Hon. John Heinz (chairman) presiding.

Present: Senators Heinz, Chiles, Glenn, Melcher, and Bradley.

Also present: John C. Rother, staff director and chief counsel; E. Bentley Lipscomb, minority staff director; Becky Beauregard, deputy staff director; Joseph Lydon, professional staff member; Ann Gropp, communications director; Nell Ryan, minority professional staff member; Robin L. Kropf, chief clerk; Angela Thimis, staff assistant; and Eugene R. Cummings, printing assistant.

OPENING STATEMENT BY SENATOR JOHN HEINZ, CHAIRMAN

Senator HEINZ. The committee will come to order.

Last year when the administration proposed decreases in Federal spending, we were assured that programs providing basic necessities for older Americans, the so-called safety net programs, would not be touched. Congress supported many of these spending reductions because we recognized the need to bring Federal spending under control. But in doing this, every attempt was made to protect essential programs for the elderly.

This year the President has presented a budget to Congress which proposes additional deep cuts in social spending. Roughly $30 billion in program cutbacks are proposed for fiscal year 1983. Of the reductions, $11.7 billion, one-third, are in programs that serve the elderly in a major way. The fact is, that $7.9 billion of the cuts are concentrated in programs that protect our most vulnerable citizens, first among them the elderly poor, from hunger, disease, and isolation. That is not rhetoric. That is reality.

The purpose of this hearing is to examine these facts, and to examine them because I question whether these proposals would not, in fact, unravel the safety net for millions of older Americans.

The staff of the Aging Committee has prepared a detailed analysis of the effects of the proposed budget on older men and women.

Today, I am releasing that analysis for public distribution. This staff paper details the serious consequences the President's budget could have on the neediest of our aging population.

Nowhere is this impact more visible than in the reduction recommended for food stamp and nutrition programs. We are here today to examine budget proposals for these two programs that deal with one of the most basic needs of the elderly, the need for an adequate nutritional diet.

The administration's proposed budget would cut $2.3 billion from the food stamp program. I would like you to know that the administration really thinks that there is no impact here on the truly needy, even though the Department of Agriculture estimates that 9 out of 10 older Americans would have their benefits reduced or entirely eliminated.

Another $37.7 million, just about what we spend each year on tobacco subsidies, would be cut through an 11-percent reduction for congregate meals and home-delivered meals. According to the administration, this would reduce the number of meals served by more than 69,000 every day, over 18 million a year.

Fifteen years ago, before Congress established the food stamp and nutrition programs, hunger and malnutrition among older Americans were frequent conditions. Survey after survey indicated that millions of Americans were in fact going without meals every day. Since that time, food stamp and nutrition programs have largely alleviated these shameful conditions. More than 2.3 million older Americans now depend on food stamps and 3 million participate in nutrition programs. In my view, these elderly are not people who have been taking help they do not need or do not deserve. They are people who have made invaluable contributions to our society and now, because of inflation, or illness, or other adversities, are in need of assistance simply to eat to survive.

The programs we are talking about, food stamp and nutrition, are programs that provide the most basic necessity of life, food. I do not see how we can justify an 18-percent cut in food stamps for the elderly or, for that matter, a 16-percent cut in meals-on-wheels while at the same time we are increasing the Department of Defense budget by over 21 percent, and spending for questionable water projects by over 21 percent.

This morning we are going to hear about hunger and nutrition problems from community leaders that see it every day. We will be hearing from experts that are knowledgeable about nutrition and food stamp programs from the administration.

Before I call on our first witness today, I would like to yield to my colleague, Senator Melcher.

STATEMENT BY SENATOR JOHN MELCHER

Senator MELCHER. Thank you, Mr. Chairman. The first thing that I would like to say is that you and I, and the staff, and these witnesses, and all these people, and all the media people, should not have to be here to consider any administration proposed cutback in food programs for the elderly.

This is just outrageous that we are here talking about how we are going to cut out food from people who really do not have an awful lot of food.

In this country of ours, which has more food than in any other country in the world, and as much food as most of the world, if you would add most of it together, and a country that has enormous food surpluses, how could we talk about the elderly being cut back on nutrition programs?

Most people beyond 65 have spent 40-odd years, going on 50 some of them, or 60, working, paying taxes, having families, contributing to the community, contributing to society, contributing to what this country is, and now in their so-called relaxed "autumn years," on fixed income, we are talking here today about cutting back on how much to eat.

It is not that we have sort of a static situation of the number of elderly people in the country. It is an expanding population. It is not just staying at one level. I really do not know how an extra cost just to eke out a living, such as a higher cost of fuel, the higher costs for medical services and drugs, how we are supposed to reduce what is a rather meager provision in the Older Americans Act that serves 10 percent fewer people than were served this current year.

Who is supposed to choose who eats and who does not get to eat in a nutrition center?

I serve on the Agriculture Committee and its Nutrition Subcommittee, and I am very much concerned about the administration's proposals for food stamps and commodities and how they affect senior citizens.

Food stamp proposals are really hard, very hard for households consisting of elderly or disabled members. Of these households currently using the food stamps, 87 percent are projected to be totally excluded or to have their benefits cut.

Under other administration proposals, seniors who live in subsidized housing who receive food stamps are having a rent increase, This is a little bit beyond me but then the cruelest scheme of all is to count energy assistance as income which would further reduce food stamp benefits.

"Heat or eat." I hear that in my State. I think you can hear it almost all across the country. You can have heat or eat.

I met with a group in Billings who had just discovered that their heating costs had gone up 88 percent—88 percent, who had not realized that rate increases were coming on for natural gas and then all of a sudden, it was not going to snowfall on them just outside but it was snowing on them in their heating bills and it was 88 percent higher in 1 month's time.

Now, how could—how could anyone sensible propose that because we are just humane enough in the Congress to allow some fuel assistance, how could anyone propose because you allow that, you count that as income and so you will have less heat?

We hear a lot about budgets, and belt-tightening, and about fiscal sanity. We are hearing, let me remind you, a little insanity. It is absolutely insane to propose that people who do not have very much to eat, have no other way of getting it, but we are going to cut you out, or to propose you pay your fuel bill, and we are going to take it off of your food stamps, or because you cannot live anywhere else you have to live in a rent-subsidized housing program, and you are going to have to eat less.

Well, maybe there is a time for the young and the healthy that are treated this way to work their way out of that kind of hole. There is no time and there is no way for the elderly people on fixed incomes to be treated that way and to work themselves out of any hole. We just put them in their final resting hole.

I am going to return to one thing, Mr. Chairman. We have more food in this country than in any other country on Earth, and we probably have more food than about half of the rest of the world combined. We have it in Federal warehouses. We have it in the granaries sitting all over the United States in the Grain Belt. I do not know how many of you—Mr. Chairman, I do not know whether they have many of these grain storage bins in your State of Pennsylvania, but all over the Grain Belt you see those grain storage bins and they are full, whether it is corn, wheat, or barley, they are full.

We have a dairy purchase program which is a very fine program because it keeps an abundant supply of dairy products at fairly good prices.

I might remind my consumer friends, that we are required to purchase food, milk, at surplus, convert it to dry powdered milk, convert it to cheese or butter. We are required by that law to make those purchases of dairy farmers and put it in Federal storage and it is there, about $2 billion worth of it.

We put a provision in the farm bill that required the Secretary of Agriculture to distribute those surplus commodities, and I am talking specifically now about dairy products, because we require in that law that those surplus dairy commodities be distributed to school lunches, the senior citizen centers as a bonus commodity.

I will explain to you what we mean by "bonus commodity" and what the law means. It means commodities that are delivered without charge to the State, and without being charged or credited to the Older Americans Act or the senior citizens nutrition centers. Nutrition programs under the Older Americans Act or the school lunch program would be entitled to that.

There are ways for church groups and other charitable organizations to take those surplus commodities. We have specifically said that bonus commodities will flow to these people without charge and without credit and it is not being done.

Secretary Block has not got his act together despite having had the bill since last December, and it is about time he gets it. It is about time the Department of Agriculture Food and Nutrition Service quits saying quaint little sayings like, "We have so much cheese we might have to throw it in the ocean."

I know it is a facetious statement and to us it was trying to have a cute little quip. But it is a fact that those surplus commodities are not getting out.

Now, there will be other surplus commodities from time to time. We always have some but we are now talking about huge surpluses. I made a random check of the senior citizens meal centers in my home State. A lot of people think that, "Well, where is Montana?"

Well, I will tell you where it is. It is west of here a long ways, pretty far north. We do have quite a bit of cold weather. We have a very sensible three-quarters of a million people there and we believe in nutrition programs. We are very much for commodities.

We have a lot of senior citizen centers all across the State. We have formed them in almost every community. We have formed them in communities where there are only 200 or 300 people that live in that community, and we use commodities programs, and any harebrained idea that is proposed to somehow cancel out the commodities program ought to get just exactly the same treatment it got last go-round in Congress, either ignore it or bat it down.

Mr. Chairman, you and I are the only two members of this committee here. I think we ought to give some reassurance to all of the older people across the country, that this entire committee, every one of us, are going to be so firm, so loud, and so clear in what we are talking about, that there is not anybody in the Office of Management and Budget, that there is not anybody in the White House, that there is not anybody in the vast bureaucracy of all the departments of this Federal Government, that does not realize that this committee will absolutely refuse on the Senate floor to allow any reduction in the nutritional programs that affect the elderly and the disabled under any guise and under any method. I do not care how they want to present it.

I think this committee ought to be absolutely soundly unanimous that we are not going to have it, and that it is not going to be enacted by the Senate of the United States.

Having said that, I am not trying to be in any way—to say that the House should not do exactly the same but, Mr. Chairman, I think it is obvious. This is a very large special committee, and if we are united on that Senate floor unanimously, these harebrained ideas will never get off the ground.

There are other places to make cuts, lots of other places to make cuts. Some of them are huge—huge increases in expenditures, and to nickel and dime it out of the hides of the elderly and disabled is just not in my book, and I do not think it should be in the book of anybody on this committee, and if we are united it will never happen. If this committee is united and unanimous it will never happen, and the people of this country are in this situation, all the elderly, and will realize and have some reassurance that they do not have to fear this round of budget cuts as far as their meager assistance is concerned.

Thank you, Mr. Chairman.

Senator HEINZ. Senator Melcher, thank you.

You specifically mentioned the administration's proposal to have low-income energy assistance payments counted as income in determining the amount of food stamp benefits an elderly person may be eligible to receive.

I just completed a tour across my State last week and imagine that Senator Melcher and most of my colleagues did the same. I made a special point of stopping at the homes of people who have very difficult heating and eating problems. In our State, low-income assistance is used by people who really need fuel at the present budget level, now that Congress increased the money to $1.875 billion there is not nearly enough money in that program to meet their current needs. They cannot afford the $120 or the $240 for the minimum delivery of 100, 150. or 200 gallons of fuel oil they need to keep their house warm.

There was one instance of a lady who was found in her community, just the day before I got there, who had no fuel. The only thing that was keeping her warm was an electric blanket. She was over 75 years old. They just got to her in time. Anybody who thinks that low-income energy assistance is some kind of a generous windfall that needs to be taken out of the food stamps, or nutrition assistance, or some other form of benefit, is frankly crazy because they just do not understand what is going on in the world.

The second thing I would say is I am delighted to have the Senator's support for cutting back on these western water projects that are going up 21 percent—or did I inadvertently put words in your mouth?

Senator **Melcher**. We do not have any.

Senator **Heinz**. I figured I might be on reasonably safe grounds.

Senator **Melcher**. You have to get down to New Mexico and Arizona.

Senator **Heinz**. Stay away from those States with Democratic Senators. We will try to be bipartisan.

Senator **Melcher**. We may not be bipartisan on how to appropriate money for investments in our States, but where we are going to be bipartisan is protecting the elderly, the hungry, the poor, and the unemployed too.

Senator **Heinz**. I think that covers the waterfront.

Senator **Melcher**. But first have to come the elderly and the handicapped. I know, Mr. Chairman, that there is enough clout in this committee, if we are all unanimous, that the Senate absolutely will refuse to take any of these abysmal, wretched proposals for cuts for the elderly and the hungry.

Senator **Heinz**. With the Senator's permission, I would like to insert into the record the statements of Senator William S. Cohen and Senator David Pryor, two valued members of our committee who are unable to be with us today because of prior commitments.

[The statements of Senators Cohen and Pryor follow:]

STATEMENT OF SENATOR WILLIAM S. COHEN

Mr. Chairman, food stamps and nutrition programs under the Older Americans Act have proven to be our primary defense against hunger due to poverty in this country. Since the inception of these programs, researchers have been hard-pressed to find any demonstrable cases of malnutrition and hunger in the United States. They attribute this progress in the last 15 years specifically to existing Federal food programs.

Under the administration's fiscal 1983 budget proposals, all food and nutrition programs which serve the elderly, and which have contributed so significantly to improved health of older Americans, would be cut.

The food stamp program which serves over 2 million elderly Americans, would be reduced by 20 percent. The title III–C programs under the Older Americans Act—the congregate meals program and the home-delivered meals program—would be cut by 10 and 16 percent respectively.

All of us in Congress can agree, I think, that we share the administration's goals of delivering Government services as efficiently as possible, and assuring that Federal assistance is carefully targeted to those most clearly in need. At the same time, however, we must assure that nutrition program administrators in Washington are made aware of the regional impact that budget cuts can have on the elderly.

While nationally 1 out of 10 food stamp recipients is elderly, in Maine it is one out of three. Since the Congressional Budget Office estimates that 92 percent of all the elderly and disabled households receiving food stamps benefits would experience some reduction in benefits under the administration's budget proposals, and many would be eliminated entirely from these programs, the impact on my own State would be particularly severe.

In Maine, 15 out of 79 towns now operating a congregate meal program would no longer be able to do so under the budget proposals. The obvious answer in urban areas would be to consolidate the remaining sites. But in a rural State like Maine, where temperatures hover well below freezing for most of the winter, where there is almost no public transportation, and where snowfall presents considerable hazards, even for those senior citizens with automobiles, the elderly who are frail or housebound clearly will be physically prevented from continuing to participate in the program. Leaving an older person with no option other than driving 30 miles to the nearest meal site means that he or she will no longer be able to participate.

The 16 percent budget reduction in the home-delivered meals program would mean 11,700 fewer meals served in Maine, which has one of the most successful programs in the Nation. Nearly half of all recipients of meals under the Older Americans Act in Maine are homebound—the highest percentage of any State in the country. Now, many of these services would be terminated as well.

State officials fear that preventive health measures closely associated with good nutrition will decline as well, placing an even greater strain on available medical resources. Quite simply, those who do not eat well will become sick, and they will become frail more quickly.

Even more devastating is the administration's proposal to require food stamp recipients to count fuel assistance as income in determining eligibility. This would result in further reductions in food stamp allotments to the elderly in Maine, who account for 40 percent of the State's energy assistance recipients. An elderly couple which receives social security payments of $425 a month, for example, and also receives as little as $30 per month in fuel assistance, would be eliminated from the food stamp program. Even without the fuel assistance, the couple would have its food stamp budget cut by two-thirds.

As we have heard in other hearings examining proposed reductions in services to the elderly in rural, poor, and cold States like Maine, older Americans may be forced to choose between eating and heating their homes. This is a choice no American should be forced to make.

So, as we proceed with our examination of the administration's budget proposals, it is imperative that we continue to target nutrition assistance programs to those elderly households that most need assistance. We must continue to acknowledge that millions of elderly Americans simply do not have the resources to maintain a healthy diet, and that the Federal Government has a clear and ongoing responsibility to provide an adequate level of nutrition assistance.

STATEMENT OF SENATOR DAVID PRYOR

I am pleased to be here today, as the Special Committee on Aging conducts its first hearing on the impact of the fiscal 1983 budget on older Americans, and I want to take this opportunity to commend you, Mr. Chairman, on the timely scheduling of this meeting on proposed reductions in nutrition programs and their effect upon the elderly of our Nation.

The two major programs we will be examining today are the food stamp program and the nutrition programs authorized under the Older Americans Act. As a member of the Senate Agriculture Committee and the Special Committee on Aging, I am doubly interested in the food stamp program, and particularly in how the administration's proposals will affect our senior citizens. I am certain that this hearing will provide us with valuable testimony which I will be able to share with my colleagues on the Agriculture Committee.

Over the years, the Senate Aging Committee has been instrumental in affecting many changes in the food stamp program which provided greater benefits and outreach to elderly households. Last year, during consideration of the Food Stamp Amendments of 1981, which included considerable cutbacks in the program. I was proud to join my distinguished colleague, Mr. Boren of Oklahoma, in sponsoring an amendment which excluded the elderly from some stricter eligibility requirements. This year, we face even greater benefit reduction proposals. The able staff of the Special Committee on Aging has informed us that as many as 23 percent of current food stamp households with elderly members would be excluded from the program, while benefits for 59 percent of current food stamp households with elderly members would be reduced by an average amount of $16 per month. I have some grave concerns about how these reductions will affect these households. I am also keenly interested in the "New Federalism" proposal, under which the food stamp program would be placed under the authority of the individual States. This proposal would certainly have a widespread effect upon such vulnerable populations as the elderly.

The Older Americans Act authorizes, among other programs, an excellent system of nutrition centers and home-delivered meals. Among other reductions which have been proposed under the act, staff have informed us that the 1983 fiscal year figures would support 607,845 meals per day, including 497,387 congregate meals, and 110,450 home-delivered meals—this represents a reduction of about 69,318 meals per day—a grand total of over 18 million meals for the year. This dramatic reduction will certainly have a profound impact on the program and those grateful seniors who currently benefit.

Also of concern to me is the commodities program which is currently administered by the Department of Agriculture. The budget calls for a $9 million reduction in this program, coupled with a transfer to the Administration on Aging. The current formula for distribution of these funds provides extremely effective incentives to programs which provide the most meals per program dollar. A change in this formula could serve as a serious disincentive to the most successful programs.

Mr. Chairman, I would like to conclude my remarks by congratulating the staff of the Committee on Aging for a job well done on the committee print which addresses the impact of the 1983 budget on older Americans. I look forward to today's testimony.

Senator HEINZ. Our first witness today is Father William T. Cunningham, Detroit, Mich. Please proceed, Father Cunningham.

STATEMENT OF FATHER WILLIAM T. CUNNINGHAM, DIRECTOR, FOCUS: HOPE, DETROIT, MICH.

Father CUNNINGHAM. Normally, I would not read any of my remarks. I would prefer to speak as you did, Senator Melcher, from my instincts and experiences. But in this particular comment, because of the enormous personal emotion it generates and perhaps the failure of personal discipline, I think I need the bridge of words to be read in order to restrain my own failure here.

Senator John Heinz and members of the Senate Special Committee on Aging, this morning we are players in an utterly predictable scene. Our elderly poor will be described and counted. Good people will plead the cruelty of new program cuts.

Then, some more good people from the Department of Agriculture will say what they are supposed to say, or they will be fired. I say this with great respect for my friend, Gene Dickey, an old friend.

Everybody knows that. The agents of Agriculture carry an awful burden not to reveal here what each knows, or should know, about hunger in America, not to say what each feels in his heart and conscience, or shall feel, but to defend an ideological course.

Their Department, established to assure adequate and equitable production and distribution of food, is again held hostage by the Office of Management and Budget, to be used in an ideological and political standoff at the expense of its constitutional mandate.

They will be loyal to this administration, an otherwise necessary quality in Government service, at the expense of a higher moral requirement to relate facts to the well-being of the commonwealth, the service of the American people and the protection of their rights.

Other witnesses, professional, expert, and dedicated, will use cool, scientific terms. They will tell us about the extent of malnutrition among the elderly, its economics, its clinical manifestations, its effects on health, on life.

But their scientific rigor may sometimes mask the pain of hunger in abstractions, and their valuable service of information may sometimes ignore questions of value and morality.

Unlike malnutrition, with all its complexities, hunger is a simple, loud cry.

Hunger in Detroit is desperation. It is old people in restaurants ordering a cup of tea at an uncleared table, and furtively eating leftover scraps of french fries and sandwiches. It is opening and eating from packages of cookies or coldcuts on the supermarket shelf while pretending to shop. It is 75-year-old Annie Harris, full of pride and dignity, confessing that after her last trip to the hospital for starvation, she would have killed herself if she did not believe in Jesus.

Hunger in Detroit is constant worry. It is worrying whether the part loaf of bread, the remnants of jam, and the last box of macaroni and cheese will take you through 3 days, until the social security check arrives. It is Robert Lindsey, 81, teased with the question of what he would do with more food, saying, "That is beyond my comprehension." Hunger is a forced choice between a carton of milk and a roll of toilet paper.

Hunger in Detroit is loneliness. It is not having anything to offer company, if there were company.

Hunger in Detroit is illness, another trip to the hospital because an egg in the morning, crackers and tea at noon, and hot dogs at night were not enough.

Hunger in Detroit is guilt. It is old people in the Cass Corridor who won't tell you their children's names, because they don't want to be a burden. It is the guilt of sons and daughters who have to abandon their parents because, in today's economy, they can hardly feed their own children.

And hunger in Detroit is anger. It is old people saying, "They treat us like an old horse, only they don't shoot us, they just starve us inch by inch. They've got the food, but they just won't give it to us."

The anger of old people is quiet, despairing knowledge that the refusal of food is a final rejection, that one's fate is a lingering, lonely, fearful, and disregarded wait for death.

There are more than 50,000 hungry, hungry people over 65 in Detroit and Wayne County. They are not all of one type. Bill Parham, a gearcutter, thought his savings would provide a modest retirement for himself and his wife, but those savings were eaten up by extreme jumps in heating bills, high inflation, and personal illness.

James Light worked 32 years for a small company with no pension plan. Many, many elderly blacks and women in Detroit were denied equal opportunity during their productive years, so they worked at menial wages and were paid in cash under the table, with no social security.

For most people, poverty arrived when they stopped working. Had they been so destitute all their lives, they could not have lived to be old.

Every lasting human society has held the aged in reverence. The conscious abandonment of old people is a nation's epitaph.

That is the purpose of the Fourth Commandment, "Honor your father and your mother." Its wisdom is simply that if we take care of those who brought us this far, then our traditions will be respected, and our founding ideals will be cherished.

Perhaps this is the real discussion for today, even more than old people and hunger. As a society, we are coming to value only those who are economically productive. This Nation proposes to spend much less on children, and to turn its back on the aged, to bankrupt the future, and bury the past. It will not recognize and support other necessary kinds of productivity which only the elderly can contribute in the family and the community.

Insuring enough food for the health and well-being of the elderly poor is not a matter of compassion. It is a matter of justice and wisdom. To deny adequate food is to break our contract with those who have labored and sacrificed to building this country.

The Department of Agriculture is capable of putting an abundant, ready supply of commodities on the shelves of poor, elderly citizens at less than half of the food's cost in the marketplace. Last fall, Congress passed a law authorizing the Department to do so in Detroit and New Orleans, and Congress appropriated the necessary funds.

Now hear this: The Secretary of Agriculture and John Bode, defiant of Congress and abusing the Department's capability, today deny those hungry old people.

In the generations to come, if America survives this rupture of morality tolerated for whatever expedient, who will answer for what we have done to the Nation's elderly, to our solemn trust, and to our national integrity?

Who will explain our broken promise?

Senator **Heinz**. Father Cunningham, that is one of the most eloquent and moving statements I have ever heard in my 10 years in Congress. I think it is a shame that more members of the committee and, indeed, all my colleagues, are not here to hear it.

I will quote from it at every opportunity in the future. I say that both humorously and seriously because of what you have said.

Detroit is one of our worst areas in this country, but it should be said that it is not the only hard-hit area. My own State of Pennsylvania is second only to Michigan in unemployment. That is because we have a lot of—used to, I should say—a lot of businesses that supplied products to Detroit.

We have more than our fair share of elderly too. We are well above national average in our proportion of elderly.

What you have described is taking place in community after community across the United States. I hope people just do not think that Detroit is an isolated example. It is not.

I wanted to ask you about your experience with the program that you mentioned at the end of your testimony. Am I to understand that it is the Focus: HOPE program?

Father **Cunningham**. That is right.

Senator **Heinz**. You are supposed to receive funds authorized and appropriated by the Congress that will, as you describe it, put food on the shelf at half-price?

Father **Cunningham**. At no price, really.

Senator **Heinz**. Using commodities?

Father **Cunningham**. Yes.

Senator **Heinz**. I gathered from your statement that that program has not been implemented. What have you been told about why the program is not going forward? And for those that may not be informed, how would it work?

Father **Cunningham**. Well, let me start with the last question, Senator. The program is a pilot for New Orleans and Detroit, and was intended to use the rich surplus of commodities, to which Senator

Melcher addressed himself, to make the staple foods that are so expensive, particularly in inner-city areas, available at no cost to seniors, so there is something on the shelves of the homes of the old folks who otherwise—who might not be able to get out to a congregate feeding program, or might not be able to get out because of inclement weather, and it would give them a meal a day.

We would intend to do that at an extraordinarily low cost. The funds were appropriated in the commodity food bill and I can quote from Secretary Block:

> The 1981 farm bill gives the Secretary discretionary authority to implement two private commodity supplemental food programs for the elderly. We are currently studying whether these two projects taking $400,000 out of commodity supplemental food program funds are more advisable than keeping these funds in the regular projects.

Well, Mr. Bode reported the decision is negative. I have to tell you that Secretary Block is terribly misinformed. The moneys are not to come out of the line budget for supplemental food. It was additional moneys. But this is the kind of thing that we have dealt with with Agriculture over the years, delay tactics.

Sometimes, if we remember how the WIC food program got started, it got funded because of actual years of delay and Federal hoarding.

My concern is that the Department of Agriculture's philosophy and its ethic has waned so far from its original purpose in the constitutional mandate so now there is an attitude we do not want to feed.

The Department of Agriculture is in the business of economics rather than the business of taking care of the hunger needs of our people. That both angers and frightens me.

Senator HEINZ. Senator Melcher mentioned the unanimity of this committee and we have indeed been unanimous time after time in questions that affect the elderly. One of the things that I will be proposing to my committee colleagues later on this week is that we join in a very strong effort to get the Department of Agriculture to do exactly what Congress has authorized and appropriated the money for, which is to get your project and the New Orleans project going.

I am about to run out of time but could you briefly tell us of your experiences with the last round of cuts in the food stamp program? What, just from your experience, have been the effects of the eligibility and the benefit reductions that went into effect as a result of the reconciliation bill last year?

Father CUNNINGHAM. I am going to choose this word carefully. One word. It has been monstrous.

Senator HEINZ. The word is "monstrous?"

Father CUNNINGHAM. Yes, sir.

Senator HEINZ. What has been, would you say, the reduction for each poor person? How much of their benefits?

Father CUNNINGHAM. Just last night there was a call to me by an old man who said, "I have got $186 a month." And I know his case. His rent is $150 a month. His food stamps have been cut, and he is left with a week and a half with absolutely no food in his house.

So I have to talk to you in terms of that, in terms of people saying, "We have no food left." We feed mothers, infants, and children. And I will never forget the little old lady who said to me, "My God, Father, do I have to get pregnant to get some food from you?" That is what we are dealing with.

The other part of it that is included in that adjective "monstrous" is enormous fear of what is yet to come, and it is such a fear. I have talked to several ministers and priests in the inner city of Detroit where so many old people live and they are just terrified. When I talk about 50,000 hungry old people, I am telling you the average are living on less than $1,600 a year.

Senator HEINZ. Father Cunningham, thank you.

Senator Melcher.

Senator MELCHER. Father Cunningham, the first day I got here I was in the House and it was a foregone conclusion I would be able to serve on the Agriculture Committee, which already had too many members, according to its chairman, Chairman Polk, but it was a foregone conclusion that since I am a veterinarian by profession, that I was going to serve on the Agriculture Committee, and I wanted to serve on it.

All during the 13 years since then, I have come to understand that there is plenty of law available for the Department of Agriculture to distribute surplus commodities, but from time to time we passed additional laws to draw that to their attention again.

I came here with a Republican Secretary of Agriculture, lived through 4 years of a Democratic Secretary of Agriculture. We are back to a Republican Secretary and I do not think politics has anything to do with it. I think what happens down at the Department of Agriculture is one of attitude, and I do not want to just belabor the bureaucracy, that they entangle themselves in it, but I have found during these almost 13 years that when the Department of Agriculture wants to do something, they have money and authority to do it. When they do not want to do something, somehow they do not have authority and money to do it.

There has never been a time that I am aware of, during these past dozen years plus, when there was not plenty of funds available for the Department of Agriculture to distribute food if they wanted to. It is a sham and it is false and phony when for two small pilot projects they do not seem to have any money, because there is plenty of money and we have gone beyond that.

I like specifically the program you are talking about, focus, outreach programs. There is a lot of money for that and a lot of authority, but we want to move beyond that. We do not have just surplus food in small amounts that we have to dole out. We have it in huge quantities. You are absolutely right. You are absolutely right, Father, when you say that that food will cost about half if properly handled and properly distributed.

I want to make it clear that in advocating use of commodities, I advocate it according to the policies that we have built up in this country. These are not to be just put out for people who can afford to buy during normal—through normal food channels. These are to be put out by people who cannot get into the stores. We have emphasized this, of course, for senior citizens in that farm bill.

As I said earlier in my opening comments, they have not—the Department—they have done a lousy job of making sure the commodities are distributed, and we are continually pressuring them and others on the Agriculture Committee, this committee, other Members of the Senate, other Members of the House. I think they will finally start to move, but it is disgraceful that more has not been distributed.

Let me point out one thing that perhaps is not well known. When we have commodities in storage, we have to pay Federal storage charges. In the case of dairy supplies, they are so huge that it is advantageous from the standpoint of budgetary outlays to move them out of storage, cease paying the storage charges on them, and allow poor, hungry, malnourished people of this country to have them.

I was in Butte, Mont., a little over 1 month ago when there was distribution of surplus cheese. There was quite a little fanfare about releasing some surplus cheese as if it were a huge quantity of food to be distributed to the needy. It was a miniscule amount of the daily commodities that we have in storage. We have over one-half billion pounds of cheese in storage. We have a like amount, more in pounds, but a like amount in dollars worth of powdered milk.

Now, getting to this loneliness part that you mentioned, Father, for the elderly, the way to overcome that, of course, we found, works better, I recognize, in smaller communities because it is easier to implement, is senior citizens centers. They want to have some dignity too.

Many of the elderly do not approach the offices where they could be allowed food stamps out of dignity. There has to be a combination of activities and feeding for nutrition programs to be successful for the elderly.

I want to say that in Butte that day I was out of place, wearing a suit. Distribution was at the senior citizens center and that was a proper place for distribution for the needy. This was not just for the elderly. This was all the needy, but not all could be taken care of because there was a limited amount of those 3-pound blocks of American cheese.

I think Butte's share that day was something just under 400 blocks, 3-pound blocks, of cheese. We could have used 1,000, probably could have used another 1,000 a week later. But it is very good, very good to see what I know and understand what happens with these commodities.

The farmer, in this case a dairy farmer, produces more than can be sold commercially. He works hard to do it. Where it is wheat, wheat is available. There is more than can be sold. He knows that the abundance that God has given us should end up providing nutrition. This surplus, this abundance of food, can be provided to a variety of programs and can be done with dignity. We should do it.

Your comments are on the mark. I commend you for them and appreciate having the opportunity to share some of the experiences that you have had.

Thank you very much.

Senator HEINZ. Father, I have one last question for you.

The administration has submitted some answers to some questions I asked in a letter to Secretary Block, dated February 17, and the answers to those questions have just been received, and I am going to put my letter and the responses to it in the record.

[Prior to the hearing, Senator Heinz submitted inquiries to Secretary John R. Block, Department of Agriculture. Those inquiries and the responses follow:]

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, D.C., February 17, 1982.

DEAR SECRETARY BLOCK: On February 25, the Senate Special Committee on Aging will hold a hearing on the impact of the President's fiscal year 1983 budget proposals on the food stamp and nutrition programs serving older Americans. The committee would appreciate receiving your testimony, or that of your designee, at this hearing. The eharing will begin at 9:30 a.m., in room 4232 of the Dirksen Senate Office Building.

At a minimum, we would like your comments to include the following with respect to the food stamp program and the nutritional status of our Nation's senior citizens:

(1) Departmental data on the nutritional status of older Americans.

(2) The number of elderly who are eligible for the food stamp program, the percentage of the eligible population that receives benefits, and the amount of those benefits.

(3) The impact on the elderly, in the greatest detail possible, of the President's proposals to revise the food stamp program.

(4) Data on the interaction of the food stamp program with the Administration on Aging nutrition programs.

(5) Data on the interaction of the food stamp program with other income security programs, such as low-income energy assistance, assisted housing, and supplemental security income.

In order to permit adequate time for questioning by the members of our committee, we are asking you to summarize your testimony in an oral presentation of not more than 10 minutes. It will be helpful to the committee if you can make 50 copies of your testimony available to us 48 hours in advance of the hearing. Ms. Becky Beauregard of the committee staff, will be happy to answer any questions you may have. Ms. Beauregard may be reached at 224–5364.

I look forward to your presentation on February 25.

Sincerely,

JOHN HEINZ, *Chairman.*

U.S. DEPARTMENT OF AGRICULTURE RESPONSES TO INQUIRIES BY SENATOR JOHN HEINZ, CHAIRMAN, SENATE SPECIAL COMMITTEE ON AGING

Question. Discuss department data on the nutritional status of older Americans.

Answer. The assessment of nutritional needs for a population is based on the recommended dietary allowances established by the National Academy of Sciences (NAS). According to the RDA's established in 1980, the elderly require fewer calories than the nonelderly because of slower metabolism and limited physical activity. The requirement for other key nutrients, such as protein, calcium, iron, and the vitamins, do not decline with age, however, and these requirements for the elderly are equal to those of younger adults.

The Nationwide Food Consumption Survey (NFCS) was conducted by the Department in the spring of 1977 and more recently in 1979 to assess the dietary status of the population of the United States. The results of the 1977 study indicate that diets of the elderly population do not meet the RDA for several key nutrients, including calories, calcium, magnesium, and vitamin B_6. Similar findings exist for the U.S. population as a whole. Vitamin B_6 is a nutrient for which the elderly are at particular risk for deficiency.

According to preliminary findings of the NCFS conducted in 1979–80, the nutritional status of low-income elderly households is better for food stamp participants than eligible nonparticipants. Although the average income of elderly food stamp recipient households was found to be lower than that of elderly nonrecipient households, the dietary status of recipients was superior to that of eligible nonrecipients. This results from a higher nutrients per dollar and nutrients per 1,000 calorie ratio for food consumed. This indicates that the elderly food stamp recipient household consumed food of superior nutritional value, and thereby compensated for lower incomes.

—Among recipient households, 59 percent of the single recipient households, and 56 percent of the two-member households met the RDA's for the seven key nutrients; only 43 percent and 52 percent of the respective eligible nonparticipant households obtained adequate levels of these nutrients.

—Similarly, 42 percent of the single person and 47 percent of the two-person households reported adequate intake of the 11 key nutrients; 28 percent and 41 percent of the respective nonparticipant households achieved this indicator of nutritional adequacy.

The superior nutritional status may be due to a preselection effect in which individuals who place a higher priority on diet and food expenditures choose to participate in the program, on direct program effects or a combination of the two. Research currently being conducted by the Department on the SSI-cashout demonstration will help clarify this issue.

Question. The number of elderly who are eligible for the food stamp program, the percentage of the eligible population that receives benefits, and the amount of those benefits.

Answer. It is estimated that 4 million elderly persons have incomes and assets below the eligibility limits of the food stamp program. Fifty percent, or 2 million people, of the eligible population currently participate in the food stamp program. This rate is approximately equal to the overall participation rate of the food stamp population in general. Among supplemental security income recipient elderly populations, the participation rate is thought to exceed 70 percent; among non-SSI households, this rate is lower than 40 percent.

The elderly population has traditionally experienced a rate of participation lower than that of other populations. Several provisions have been incorporated into the program to make it more responsive to the needs of the elderly, including the exemption from the 130 percent gross income eligibility test, an unlimited shelter deduction, a special medical deduction allowing households to deduct medical expenses for elderly individuals in excess of $35 per month, and higher asset levels.

In addition the elimination of the purchase requirement (EPR) is thought to have increased participation among the elderly significantly, although this was not designed exclusively for the elderly.

Twenty-three percent of all food stamp households contain an elderly member. These households are smaller than the average households and consequently their benefits are lower. Households containing an elderly member receive 11 percent of total food stamp benefits.

The gross income of elderly households is lower than that of nonelderly households. The average gross income for an elderly household is $288 per month; the average for a nonelderly household is $388 per month. However, when controlling for differences in the household size, the food stamp elderly population has an average gross income as a percent of poverty that is substantially larger than the nonelderly: 78.6 percent for elderly, 63.5 percent for nonelderly. Fifty-nine percent of the elderly food stamp households have gross incomes above the 75 percent of poverty level; only 38 percent of nonelderly have incomes above this level.

Because of the special deductions, the elderly have larger deductions than the nonelderly. The differences between the two populations narrow when comparing net income as a percent of poverty. Forty-two percent of elderly households have net incomes above 50 percent of the poverty line; only 30 percent of the nonelderly have net incomes at this level.

Because of the larger net income and the smaller household size, the average benefit per elderly household is smaller than nonelderly: $43 for elderly and $103 for nonelderly. Controlling for differences in household size, the average benefit per person in an elderly household is $27.56; the comparable benefit for nonelderly is $33.23.

Question. What are the impacts of the administration's proposals on the elderly population?

Answer. When examining the effects of the administration's proposals on the elderly, it is beneficial to identify four characteristics of the elderly:

(1) Elderly households are smaller than nonelderly households (1.6 persons versus 3.2 persons).

(2) Across all households, the elderly have lower income, both gross and net, than the nonelderly, primarily because nonelderly households are larger and income tends to rise with household size.

(3) When differences in household size are controlled by looking at income as a percentage of poverty, the elderly have higher income than the nonelderly.

Several provisions have been proposed by the administration. Of these, two provisions can be isolated for their effects on the elderly population: The increase in the benefit reduction rate, and the elimination of the minimum bonus.

BENEFIT REDUCTION RATE PROVISION

The increase of the benefit reduction rate from 30 to 35 percent will affect all households with net incomes above zero in proportion to the size of their income. Because the overall level of net income is low for elderly households, the increased benefit reduction rate affects them less than other households.

Across all households, this provision would reduce the benefits of 59 percent of the current households by $4 per month or more. Over 40 percent of these households would have benefits reduced by less than $10 per month; over 80 percent would have benefits reduced by less than $20 per month. In contrast, only 54 percent of the households with elderly would experience benefit reductions of $4 per month or more. Over two-thirds of these would have benefits reduced by less than $10 per month.

MINIMUM BENEFIT PROVISION

Among one- and two-person households, the elderly have higher net income than the nonelderly and are more likely to receive the minimum benefit. Consequently, the impact of eliminating the minimum are felt more strongly among the elderly. The minimum benefit provision creates an artificial $10 benefit floor for households containing one or two members only. Over half of current minimum benefit recipients are actually eligible for zero or negative benefits due to their higher incomes. In August 1980, the average gross income of households receiving the minimum was $356 per month. The average gross income of all one- and two-person households was $240 per month.

Since this proposal is targeted on those households with relatively high incomes, 98 percent of households with incomes less than poverty would be unaffected while 72 percent of those with income above poverty would be unaffected. Considering this provision alone, 12 percent of households with elderly will become ineligible for benefits and 6 percent will have their benefits reduced. Again, these results reflect the disproportionate representation of the elderly in households receiving the minimum benefits. This high representation, in turn, is due to the generally smaller household size and higher per capita income seen in these households.

EARNED INCOME DEDUCTION PROVISION

The third provision proposed by the administration is the elimination of the earned income deduction. Ninety-four percent of the households with elderly members would be unaffected by this proposal because they have no earnings. Among the remaining 6 percent, 5 percent would experience reductions of $4 per month or more, and 1 percent would become ineligible.

The implementation of these three proposals—35-percent benefit reduction rate, elimination of the $10 minimum benefit, and the elimination of the earned income deduction—will save $1.722 billion in fiscal year 1983. Participation would fall from 20.91 to 18.61 million persons for a cumulative reductions in program participation of 2.3 million persons.

HOUSING PROGRAMS

The provision to include food stamps as income for Federal assistance programs has been proposed by the Department of Housing and Urban Development (HUD). This provision will not affect the level of food stamp benefits directly; rather the benefits received from food stamps will be considered as income when determining the level of rent which the household must pay. Depending on household shelter costs, however, the household may then increase the shelter deduction and consequently receive an increase food stamp benefits.

The actual number of elderly food stamp recipients participating in this program is not known. HUD estimates that 50 percent of the public housing recipients, 84 percent of section 8 (new) recipients, 33 percent of the section 8 (existing) recipients, and 69 percent of the rent supplements are elderly. The HUD definition of elderly differs slightly from the food stamp definition, however, as disabled and handicapped heads of households and persons essential to their care are defined as elderly by the HUD statutes.

Data from HUD also reveal that approximately 32 percent of recipients in HUD housing program are food stamp recipients. Unfortunately, this data source does not indicate specifically the number of elderly food stamp recipients living in HUD housing and therefore an estimate of the size of population affected by this provision is not possible.

ENERGY ASSISTANCE PROVISION

The Department has also proposed to count all local, State, and Federal energy assistance payments as income in determining food stamp benefits. This proposal will have one of two effects on individual food stamp households. It may cause some to exceed the income eligibility limits and thus lose food stamp eligibility. To the extent energy assistance payments are targeted to the poorest households, however, few elderly households should be affected this way. On the other hand, the inclusion of energy assistance payments as income will increase the household's income and result in smaller benefits.

Information reported to the Department of Health and Human Services does not readily lend itself to direct estimates of the impact of this provision. Some general approximations are possible, however.

About one-third of the recipients of Federal energy assistance have an elderly person in the household. While information about the food stamp participation of these elderly households is not reported, we estimate that about half also receive food stamp benefits. We have estimated that these households receive, on average, about $100 in energy assistance payments. (It should be noted that these payments can be paid in lump sum or over some more extended period.) Recognizing variations in program administration, differences in the period over which energy assistance payments are made, and the lack of specific information, we can make only rough estimates of the impact of these payments on food stamp benefits. We would anticipate benefit reductions of approximately $9 per month in those months when energy assistance payments are made.

OTHER PROVISIONS

Several of the administration's proposed food stamp changes will contribute to cost reductions and better management. There will be no specific effect on households with elderly persons.

The first of these is the proposal to strengthen the error rate liability system established by 1980 amendments. The elimination of benefits paid improperly to over 1 million current recipients and a reduction in overissued benefits to eligible recipients will result in approximately one-fifth of total savings.

Additionally, a combined welfare administration grant for the Federal portion of the administrative costs associated with AFDC, medicaid, and food stamps is proposed. This combined approach will save an estimated $43.3 million in the next fiscal year. State agencies will also be required to bear the costs of work registration and job search activities. Since the Federal Government is now funding these costs entirely, the savings in fiscal year 1983 are estimated at $80.3 million.

Question. Data on the interaction of the food stamp program with the Administration on Aging nutrition programs.

Answer. Food stamp elderly interact with AoA programs through participation in the congregate feeding program. In this program, meals are prepared by local agencies in congregate meal situations for the elderly. Individuals voluntarily contribute toward the cost of the program although a donation is not required for participation in the program. Food stamp benefits are payable toward these meals.

AoA expects a small reduction in this number of meals served to the elderly. Currently, the average site prepares meals per site per day. The proposed reduction in funding would reduce funding by the equivalent of five meals per site per day, or 2.5 percent. The actual reduction in meals served, however, will depend on the ability of the local agency to manage resources. This proposed reduction is not expected to have a direct effect on food stamps.

Question. Data on the interaction of FSP with other income security programs such as low income energy assistance, assisted housing, and supplemental security income.

Answer. As indicated, the number of elderly households receiving Federal energy assistance is estimated at 1 million households. However, these data are collected by HHS and does not specifically identify elderly food stamp recipients receiving energy assistance.

Similarly, the data provided by HUD do not present an accurate assessment of the actual numbers of elderly food stamp recipients in public housing. The following table indicate the participation number:

	Elderly	Food stamp recipients	Total (millions)
Section 8: Housing	671,600 (50 percent)	628,900 (46 percent)	1.4
Public housing	602,000 (50 percent)	577,900 (48 percent)	1.2
Rent supplement	(69 percent)	(32 percent)	[1]

[1] Unknown.

Participation in HUD programs does not affect food stamp benefits or eligibility because these programs benefits are received in-kind. Income derived from other social assistance programs, such as supplemental security income and social security, are considered income, and are considered for food stamp computations.

As with all income, as the level of benefits or income increases, food stamp benefits decrease. Conversely, an increase in SSI or social security would decrease the level of food stamp allotments to the household.

Many elderly households receive income from old-age, survivors, and disability insurance (social security). Seventy-two percent of elderly food stamp households receive assistance from social security; only 13 percent of nonelderly receive social security. The average elderly household received $240.69 in social security benefits and $36.21 in food stamps in August 1980.

Last, current administrative data indicate that 894,000 or 54.1 percent, of elderly food stamp households report income from supplemental security income (SSI). Only 8 percent of nonelderly receive income from this source. The average SSI benefit for the elderly household was $136.78; the average FS benefit for these households was $40.10.

Senator HEINZ. In just skimming through the responses, I have come across a couple of quantitative answers to my questions about how food stamp reductions would monetarily affect the average, not the poorest, but the average elderly person. I have found a couple of numbers, one of which is just the inclusion of low-income energy assistance in the calculation of food stamps, that would reduce benefits on the average $9 per month in the months in which those assistance payments are made.

Another provision raising the benefit reduction rate would reduce benefits between $4 and $10, let us call it $7, per month. Let me just ask you this: How much do you think the elderly poor that are part of your ministry, part of your project, spend on food? What would that $16 a month mean to them? I suspect it would be the difference between living and dying. But you know what a difference that $16 a month in their food budgets will make? What is that going to mean to those 50,000 senior citizens that you just mentioned?

Father CUNNINGHAM. A good number are going to become very distracted people and within a very short period of time will be in emergency wards. They will be in confused states. A limited analysis will call them senile. They will retire and retreat into themselves, and they will clutter convalescent homes, and there we will, while we can, take care of them. But they will be reduced to senility very quickly, because nothing brings an older person more quickly to confusion than the failure of proper nutrition, as we all know.

I am going to guess that within the next few months, already in the city of Detroit, around this period of time of the year, our emergency wards are cluttered with older people that are there simply because they are hungry. They will make up all kinds of reasons to be there. They will ask the doctor or the nurses, can you get me something to eat?

As this condition exacerbates, we will find these folks cluttering our convalescent homes.

Senator HEINZ. Let me ask you the same question, but in a slightly different way.

You mentioned an average income level for these people.

Father CUNNINGHAM. $1,600 average income for 50,000 folks in Wayne County.

Senator HEINZ. Let us focus on that $1,600-per-year figure. That is about $140 per month. Now, of that $140, I would imagine—and correct me if I am wrong—that if $40 of that was spent on food they would be lucky. Would that be right?

Father CUNNINGHAM. That is correct.

Senator HEINZ. Well, a $16 reduction during the winter months.

Father CUNNINGHAM. It is not possible.

Senator HEINZ. The way I figure, $16 is 40 percent of their entire food budget. Is that about right?

Father CUNNINGHAM. That is correct.

Senator HEINZ. Father Cunningham, thank you.

Our next witnesses will be Gene Dickey, Acting Administrator of the Food and Nutrition Service, U.S. Department of Agriculture, and Dr. Lennie-Marie Tolliver, Commissioner of the Administration on Aging.

Mr. Dickey, the Senate just went into session after going out at 1:30 last night. I know we will start getting interrupted by votes every 15 minutes or so, and with Senator Melcher's permission—I have read your statement. I would like to put it in the record and ask that you not read it, but not because of the lack of time, but as your statement is prepared, it is a recitation of the existing conditions of the current law, and in responding to the request of the committee for information, you have just provided us with the questions and answers which really I think are the heart of what the committee needs.

So if I may, and with Senator Melcher concurring, I ask unanimous consent that your entire statement be placed in the record and ask you if you have any additional comments to make?

STATEMENT OF GENE P. DICKEY, WASHINGTON, D.C., ACTING ADMINISTRATOR, FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY GEORGE BRALEY

Mr. DICKEY. Mr. Chairman, I want to thank you for the opportunity of being here.

I would like to emphasize a couple of points. One has to do with the Department's recent efforts to deal with the surplus theory issue in which we made available 100 million pounds of surplus cheese. As of yesterday, States had put on order 39 million pounds for distribution. That particular program is operated at the option of States, and that particular program will be open for orders until July 1.

On the issue of the commodity supplemental feeding program, specifically the two pilots, the funds made available in the set-aside last year for the two pilot projects as I understand that legislation—provides permissive authority for the Secretary of Agriculture to make the decision. That $480,000 is set aside and would be used—could be used—depending on that decision, either for the elderly feeding pilots or for the commodity supplemental feeding program whose targeted audience is pregnant women, infants, and children.

Father Cunningham testified in terms of a decision having been made by Mr. Bode. That may be the case. I am not aware of that. I was told by the Assistant Secretary yesterday that a final decision had not been made yet. I will review that when I leave this particular hearing.

I wanted to add those points.

Senator HEINZ. Mr. Dickey, thank you for being here.

[The prepared statement of Mr. Dickey follows:]

PREPARED STATEMENT OF GENE P. DICKEY

Mr. Chairman and members of the committee: Good morning, I am Gene Dickey, the Acting Administrator of the Food and Nutrition Service. I am pleased to be here today to discuss the administration's fiscal year 1983 budget proposals as well as related amendments which will be submitted to the Congress. After general remarks to set the stage for the proposals, I would like to review some of the special provisions which affect the elderly, then indicate some areas of proposed cost-saving changes in the food stamp program. Finally, I will submit to you some detail on the impact these changes will have on the elderly.

FOOD STAMP PROPOSALS AND THE PRESIDENT'S PROGRAM FOR ECONOMIC RECOVERY

One of the President's major goals in fiscal year 1983 is to substantially reduce the growth of Federal expenditures which can, in turn, lead to a significant reduction in Federal taxes and to reduced inflation and interest rates. These are outcomes of great importance to older Americans, whose purchasing power has suffered in recent times. The President's proposal would produce an estimated $2.3 billion savings from projected fiscal year 1983 food stamp costs, bringing the cost of the program down to $9.5 billion.

The Federal food stamp program is a prime example of the growth of the Federal budget over the last decade. Starting as a small pilot project to replace the cumbersome food distribution program in the late 1960's, the program grew from costing less than $1 billion in 1970 to an estimated $11.3 billion in the current fiscal year. Even after correcting for inflation, the program has grown at a real rate of nearly 16 percent per year. Participation in the program has also exploded, increasing from less than 7 million people in 1970 to over 22 million people today. Its growth must be contained. Other major goals which the President's proposals address include continuous reduction of program error rates, improved targeting of food stamp benefits to the most needy households, and improved program management.

It is important to remember that, while these proposals would affect all households except those with no income, the special considerations instituted for older Americans would remain in place. Special financial provisions favoring the elderly include the following:

First, more deductions are permitted from gross income before their benefits and eligibility are determined. Households with an elderly or disabled member are exempt from the new gross income test for eligibility and must only meet the generally less restrictive net income test. Food stamp rules allow households with a member who is 60 years or older or who receives supplemental security income (SSI) benefits or disability payments under the Social Security Act to deduct all medical expenses that exceed $35 a month for its elderly or disabled persons. Households with elderly or disabled persons are permitted to deduct all shelter costs over 50 percent of the household's adjusted income, while other food stamp households may deduct only up to $115 for combined dependent care/excess shelter expenses. In addition, food stamp households may deduct up to $115 per month for the care of an elderly or disabled person when such care enables a household member to accept or continue employment, or to participate in training or education preparatory to employment.

Second, food stamp rules allow households of two or more persons, one of whom is 60 years of age or older, to have up to $3,000 in assets. All other households are allowed $1,500.

Also, there are nonfinancial food stamp procedures which are designed specifically for the elderly or that benefit them more than other households.

Households with elderly or disabled members may be certified for the food stamp program for 1 year. Other households may be certified for periods as short as 1 month, and the average period of certification is 3 months.

The Department permits elderly and disabled people to apply for food stamps at local social security offices at the time they apply for SSI benefits.

Those elderly and disabled persons who have difficulty getting around can fill out the food stamp applications at home and can be interviewed by telephone. The certifying office can then issue food stamps by mail.

Elderly and disabled persons may name an "authorized representative" who can handle the complete food stamp process for them. This includes applying for food stamps, going for the interview, picking up the food stamps, and shopping for food.

The elderly are exempt from the program's work registration requirement as well as the other work requirements, such as job search.

Elderly persons who have no earned income and who live alone or with others, all of whom are elderly or disabled and have no earned income, are not required to file reports under periodic reporting, retrospective accounting systems.

Elderly and disabled parents are exempt from the requirement that parents and children that live together must be considered as one household for food stamp application purposes.

USDA may authorize nonprofit food service programs to accept food stamps from elderly and disabled persons in payment for meals. Such food service programs may include central dining facilities and services that deliver meals to homes. In December 1981, 1,424 home delivery programs (such as meals-on-wheels) and 2,426 central dining facilities were authorized to accept food stamps.

States may contract with restaurants to offer meals at low or reduced prices to food stamp participants who are 60 years old or over. When approved by USDA, such restaurants may accept food stamps for meals. Currently, 13 States use this option to contract with about 500 restaurants.

PROPOSED COST-SAVING CHANGES IN THE FOOD STAMP PROGRAM

The administration's budget proposals are based on several related considerations. These include enhancing work incentives and equity, reducing program overlap, focusing resources on those in need, and promoting efficient and effective program operations. While some proposed changes impact the elderly, others do not, and the general result does not discriminate against the elderly.

The budget proposes to make several changes in the food stamp program that will result in about $2.3 billion savings in fiscal year 1983. Certain of these changes would be effective July 1, 1982, and save about $273 million in program costs during the final quarter of fiscal year 1982. The new proposals include the following:

(1) Increase the benefit reduction rate from 30 to 35 percent effective July 1, 1982. Currently, the benefit to which a household is entitled is reduced 30 cents for every $1 of household income—$227 million savings in 1982, and $978 million savings in 1983.

(2) Eliminate the $10 minimum benefit for all participants, effective July 1, 1982, so that they receive actual benefits when they are below $10.

(3) Repeal the earnings deduction, effective July 1, 1982. Currently 18 percent of all earned income can be excluded from the calculation of household income—$140 million savings in 1982, and $606 million savings in 1983.

(4) Revise the rounding rules to round down the calculations of the thrifty food plan, deductions, and individual household allotments—$10 million savings in 1982, and $117 million in 1983.

(5) Include all energy assistance payments as income to the household when determining eligibility for food stamps, whether the payments are made directly to households or to vendors on behalf of the household—$231 million savings in 1983.

(6) Require job search at the time of application—$15 million savings in 1983.

(7) Reduce error rate to 3 percent—$615 million savings in 1983.

(8) Interaction costs. The effect of these new proposals interacting with the provisions of the 1981 Reconciliation Act and with the new proposals for aid to families with dependent children (AFDC) and supplemental security income (SSI) may increase food stamp costs by $136 million in 1982, and $530 million in 1983.

(9) Institute a consolidated grant for State administration which will include, in addition to food stamp costs, the administrative expenses associated with medicaid and AFDC. This new grant approach will save $43.3 million in food stamp costs in 1983.

The basic thrust of the administration's 1982 and 1983 budget proposals is to slow the rate of program growth, to simplify program administration, and to target program benefits on those most in need.

Mr. Chairman, I will close at this point by submitting detailed written responses to the questions you asked in your letter inviting my testimony, and by asking if you have questions you would like to discuss this morning.

Senator HEINZ. Dr. Tolliver, I do not have your statement—my staff does. I have asked all of our witnesses to summarize their testimony. We have kind of a filibuster by amendment going on and it could really be quite disruptive to our procedures. So give me whatever you want from your statement and if you could omit any of it, we would be pleased to put the rest of it in the record.

STATEMENT OF LENNIE-MARIE TOLLIVER, PH. D., WASHINGTON, D.C., COMMISSIONER, ADMINISTRATION ON AGING, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Dr. TOLLIVER. Mr. Chairman and members of the Senate Special Committee on Aging, I am pleased to have the opportunity to appear before you to discuss the President's proposed 1983 budget for nutrition services under title III of the Older Americans Act. The President has established as a principal goal of this administration the revitalization of the American economy and the promotion of longer term productivity and economic growth.

Inflation, high interest rates, and other economic problems severely tax the ability of older persons to continue to lead independent and meaningful lives. The key to achieving the President's goal is the effort to arrest the rate of growth in the Federal Government and to bring Federal spending under control.

The proposed budget reductions in nutrition services are consistent with these objectives and are a necessary part of the overall economic recovery program. While the budget request for fiscal year 1983 is less than the request for fiscal year 1982, we sincerely believe that the best social service we can deliver is a healthy economy.

The proposed budget includes requests for $258,133,000 for congregate nutrition services; $48,142,000 for home delivered nutrition services; and $84,022,000 for the USDA cash and commodities program. These budget figures are the same budget figures as were proposed by the President in September 1981 for fiscal year 1982. These figures represent reductions of $28,616,000 in congregate nutrition services, $9,208,000 in home delivered nutrition services, and $9,178,000 for the cash and commodities program. These are changes from the current fiscal year 1982 levels established under the December 15 continuing resolution.

On the basis of the existing program and financial data, we estimate that the fiscal year 1983 budget request will support 607,845 congregate and home delivered meals per day. Using current cost estimates, this represents a decline of 69,318 meals per day from our estimates for fiscal year 1982. However, we are striving to do everything possible to maintain service levels.

We have, in fact, developed a three-part plan of action designed to offset both the effects of inflation and the proposed budget reductions and to achieve our objective of maintaining the current levels of service, to the extent possible.

First, we intend to limit the set-aside for program evaluation. Section 206(g) of the Older Americans Act authorizes the Secretary of Health and Human Services to set aside up to 1 percent of appropriations under title III of the act to conduct evaluations of program effectiveness. To determine the funds for evaluation, the 1 percent is usually levied against both the supportive services and senior centers and the nutrition services programs. With respect to nutrition services, calculating the percentage against the proposed budget request would yield $3.06 million. However, we propose setting aside only $1.15 million for evaluation purposes. Thus, an estimated $1.91 million of the funds that would have been available for evaluation will be made available to the States for nutrition services.

The second part of our plan is to take steps to improve the program and financial management of nutrition services. Limited resources compel us to give an even greater attention to increasing the effectiveness and efficiency of our programs.

Senator HEINZ. Dr. Tolliver, I have had a chance to read your statement, thanks to Evelyn Wood. As I read your statement, you are going to explain the AoA program's management and efficiency activities. This is well and good. But, frankly, we are interested in getting down to brass tacks regarding nutrition program reductions. Unless there is objection, I would ask unanimous consent that we put your prepared statement in the record so we can ask you and Gene Dickey some questions.

Is there objection?

[The prepared statement of Dr. Tolliver follows:]

PREPARED STATEMENT OF DR. LENNIE-MARIE TOLLIVER

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Based on existing program and financial data, we estimate that the fiscal year 1983 budget request will support 607,845 congregate and home-delivered meals per day. Using current cost estimates this represents a decline of 60,318 meals per day from our estimates for fiscal year 1982. However, we are striving to do everything possible to maintain service levels. We have, in fact, developed a three-part plan of action designed to offset both the effects of inflation and the proposed budget reductions and to achieve our objective of maintaining the current levels of service.

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Second, we will take steps to improve the program and financial management of nutrition services. Limited resources compel us to give even greater attention to increasing the effectiveness and efficiency of our programs. As part of our regular assessment of State agencies, we will focus on those financial and management concerns which are impeding the program from operating at maximum efficiency. We will also provide special technical assistance aimed at improving State agency financial management, including the development of model performance-based payment techniques for use by area agencies in managing title III funds awarded to local service providers. We are hopeful that more effective utilization of resources will result from these measures.

We have also initiated a major training effort to improve program management expertise related to nutrition services. During the past year, we completed, under contract, nutrition services "best practice" guides, covering nutrition program management, site management, and fiscal management. Over the next 6 months, the contractor will be conducting regional training workshops for State and local staff on how to apply the material and information contained in these guides.

Third, we intend to work with the States to expand the level of program income generated under title III and assure that such income is used to maintain or expand the level of services. As you know, the law permits that older persons be given the opportunity to contribute to the costs of services. Such contributions have been a major source of non-Federal support for title III services programs. In fiscal year 1981, States reported program income expenditures of $79 million. These expenditures represented 13.3 percent of Federal funds allotted for both social and nutrition services. By urging States to focus on this important potential resource, we believe we can increase that figure to $120 million in 1983.

We plan to accomplish this objective by mounting a vigorous effort with State agencies to encourage voluntary contributions for services. In carrying out this effort, we will at the same time emphasize and maintain the integrity of the voluntary nature of an older person's contribution. At the same time, we will continue this program's emphasis on leveraging community and private support for nutrition programs.

At the same time that we are implementing our management initiatives for maintaining service levels, we will be searching for other opportunities that might also contribute to the objective of maintaining current levels of service.

One activity related to these efforts is the second phase of our longitudinal evaluation of nutrition services. This evaluation study is intended to assess the ffects of nutrition services on program participants; to accumulate information about the operations, costs activities, and environments of selected nutrition projects and meal sites; to identify program characteristics and other factors that may influence the composition of the participant population, the frequency of their participation and accrued benefits; and to measure changes and trends in such effects on participants as dietary status, isolation, and independent living. Results of the first phase were made available in 1979, and were used extensively in the Administration on Aging's program planning and management. Among the findings were the following:

—Nutrition projects were placing substantial emphasis on serving the low-income and minority elderly.

—Persons who were most socially active, as measured by church and other organizational participation, were more likely than other elderly to participate in the program.

—The most frequent attendees—the poor and ethnic minorities—attended once a week or more.

—The great majority of participants were satisfied with the meals.

—Transportation services were provided by the vast majority of sites.

The second phase is a followup study to the first effort using a similar research design. Data collected from this phase will enable the Administration on Aging to identify changes that have occurred in the delivery of nutrition services and determine what actions might be taken to increase the effectiveness and efficiency of the program.

In addition to funds for congregate and home-delivered nutrition services, the budget request includes a proposal to transfer the U.S. Department of Agriculture cash or commodities program to the Administration on Aging and to support the program at a requested level of $84,022,000. The request thus proposes discontinuing the separate USDA funding. Funds would be distributed to States based on the amounts they received in 1982 instead of current arrangement which reimburses States on a per meal entitlement basis adjusted annually for the CPI. We believe this transfer will result in efficiencies for the Federal Government since in the past, almost 90 percent of the USDA appropriation for this program has been used for cash reimbursement not commodity donations. Thus, this program should be viewed as a cash assistance program.

This proposal is intended to correct problems that have emerged under the current program. For example, the transfer would simplify program administration in that States would have to deal with only one agency—the Administration on Aging—in administering title III. It would also significantly reduce the reporting burden on the States. States now must report to USDA on a quarterly basis the number of meals served the previous quarter and the estimated number of meals to be served during the subsequent quarter in order to obtain their entitlements. Since, under the new proposal, distribution of funds would be based on the States' 1982 experience, no separate reporting would be necessary. In addition, States that so desire will be able to acquire low-cost commodities from USDA.

This concludes my formal testimony. I will be happy to answer any questions you may have.

Senator HEINZ. First of all, let me say that the last time Senator Melcher and I teamed up, Mr. Dickey, we happened to be on the floor discussing some innovative regulations. Innovative is the most charitable word I have used to describe the Department's regulations on catsup and relish. Senator Melcher and I acted as an effective team to send you a message. He posed the question; I supplied the modest answers.

As a result, your Department did manage to figure out that neither catsup nor relish were vegetables. This was a major finding of the Department and we are happy that it was made. We are here again together. I hope that we make even more progress than we did last time.

I want to ask you this question. It has been proposed that, among other things, low-income energy assistance be counted as income in determining food stamp benefits. That program is currently funded at about $1.9 billion. That is a lot of money, but it is not enough money.

Does the Department of Agriculture also propose to count church contributions to starving or freezing elderly against food stamp benefits? The President is asking for, as I understand it, more voluntarism. Now, the only difference between what the private sector—charitable, voluntary, or otherwise—or what the Government does is the difference in the source. Both are assistance, necessary assistance. It seems to me that if you are going to count necessary assistance from the Government as income, a policy I disagree with, that you should also count the ministries of Father Cunningham as income and, accordingly, reduce food stamps for people who will find their budgets cut a third for food.

Low-income energy assistance is intervention of the last resort. These payments are not made to people who are not in extreme situations. Is it the position of the administration that we should count this kind of assistance, charitable intervention of the last resort, as income?

Is that the position of the administration?

Mr. DICKEY. Mr. Chairman, I understand your point and, no, sir, that is not the position of the administration in terms of the example you laid out.

Senator HEINZ. Every time Government does something necessary, you want to penalize people? But you are going to be charitable and not penalize the same people if somebody else does it?

Mr. DICKEY. The AFDC and the social security payments are counted as cash income and certainly the examples that you raised are not counted now——

Senator HEINZ. Did you consider counting them?

Mr. DICKEY. No, sir, we did not, not to my knowledge.

Senator HEINZ. Now, Father Cunningham and others have indicated that even if you make a $16-a-month cut in benefits in food stamps to the low-income elderly, it could be absolutely catastrophic.

Would you disagree?

Mr. DICKEY. I am not sure of that particular definition. There is no doubt in the administration's proposal that we have not excluded the elderly from the other cuts that are proposed within the program, and we have left intact those particular provisions which gave them exclusion from reconciliation last year. But we have not treated them any differently here. It is also true that in terms of per capita income, they generally fall at a higher level of the poverty threshold than the average food stamp household, and they would be hit significantly because of that.

In terms of those impacts to the families and to the individuals, I am sure Father Cunningham has a much better insight and knowledge of that than I.

Senator HEINZ. One of the questions in my letter to Secretary Block and Secretary Schweiker that I asked you and Dr. Tolliver respectively to respond to, is the question of the nutritional status of older Americans. Briefly, is the nutritional status of our needy older Americans getting better or worse?

Mr. DICKEY. I do not have a comparison of the trend that you are speaking of. As far as the baseline data, as my submission indicates to you, there are some significant nutritional problems with the elderly. Basically, an older person's nutritional intake requirements do not change significantly with the exception of the caloric intake, in which the need is decreased, and that is the only one. The other nutrients remain the same and there are some significant problems with those particular individuals.

Senator HEINZ. So are you saying the problem of nutrition among the elderly is getting worse, not better?

Mr. DICKEY. No, I did not say that. I specifically said I did not know the trend of that.

Senator HEINZ. Who does know the trend?

Mr. DICKEY. I suspect the National Academy of Sciences. I did not review that. I am sure the Department has that. We do know that the nutrition of the elderly, as far as food stamp participants is concerned, is better than that of nonfood stamp participants.

Senator HEINZ. Aren't you the Acting Administrator of the Food and Nutrition Service?

Mr. DICKEY. Yes, sir, I am.

Senator HEINZ. Why would you not know findings relevant to your job?

Mr. DICKEY. I suspect that the prime reason for that, Mr. Chairman, is that I have been in the job about 3 weeks, and I have not made a point to review that. But I will do so.

Senator HEINZ. There is someone with you and——

Mr. BRALEY. I have been with the Food and Nutrition Service for 10 years, but not in my current position.

As Mr. Dickey indicated, the nationwide food consumption survey conducted in 1977 indicated that food stamps—elderly food stamp participants had better nutrient consumption than eligible nonparticipating elderly.

Senator HEINZ. That is nice, but it is not an answer to the question I asked.

Mr. BRALEY. In order to answer your question, that survey is done about every 10 years by the Department of Agriculture. We can answer for the record in terms of comparing the same group 10 years ago and in 1977, but we do not have that with us in terms of the trend.

Senator HEINZ. There is no information from the National Academy of Science or any other source?

Mr. BRALEY. As I say, probably the best source would be the nationwide food consumption survey. Looking at it, the most recent one and the one 10 years earlier.

Senator HEINZ. My time has expired.

Senator Melcher.

Senator MELCHER. Dr. Tolliver, did you say 607,000 congregate meals are provided per day? You want to reduce that by 60,000?

Dr. TOLLIVER. The funds available in fiscal year 1982 will support approximately 548,000 meals per day in congregate settings. The funds requested for fiscal year 1983 would support approximately 497,000 meals per day, a reduction of approximately 51,000 congregate meals per day.

Senator MELCHER. You want to reduce a meager amount of 600,000 meals at these senior citizen centers by 51,000. I would think you would want to go up to 2 or 3 or 20 million meals a day so that you know senior citizens are active in these centers, to conquer loneliness and to make up for a lack of socializing, and to have nutrition.

Dr. TOLLIVER. We expect and hope, Senator, that the initiatives I presented in the paper will help us to generate additional income within the various sites which can be used to maintain current levels of service, to the extent possible.

Senator MELCHER. I am just asking what you would like to do. Your testimony is not cleared by the Office of Management and Budget, is it?

Dr. TOLLIVER. Yes, it is.

Senator MELCHER. Is yours, Mr. Dickey? Is your testimony cleared by the Office of Management and Budget?

Mr. DICKEY. They do not sign it. We consult with them.

Senator MELCHER. So you are not allowed to have a personal feeling, either one of you?

Dr. TOLLIVER. The personal feeling is reflected in the testimony, Senator, and I have to repeat: "We believe that the initiatives we have described will help us."

Senator MELCHER. I am absolutely ashamed that somebody would come here advocating to have less congregate meals. I am amazed that there are only 548,000 congregate meals and anybody could advocate having less, initiatives to have less.

Now, I am going to check. Our State believes in senior citizen programs, as I stated earlier. I wanted to check to make sure, but I think we must have 15,000 out of three-quarters of a million population in this country. I think we must have 15,000 of those congregate meals per day. I would recommend to Dr. Tolliver that you review the advantages to congregate meals and everywhere for the elderly and, having done that, I would recommend that you resubmit some additional testimony to this committee.

Now, Mr. Dickey, forgive me for asking, but since you have been Acting for 3 weeks, where were you before the 3 weeks you started Acting?

Mr. **Dickey**. I was Regional Administrator in Dallas.

Senator **Melcher**. And you are approaching this committee telling us how advantageous it is to—for Americans to eat less.

Are you telling us that you think there is some advantage for people to eat less when they are elderly?

Mr. **Dickey**. No, sir. I am not telling you that, Senator.

Senator **Melcher**. Well, what are you telling me?

Mr. **Dickey**. I am explaining, or attempting to in this testimony, how the $2.3 billion budget cuts impact on the elderly.

Senator **Melcher**. Aren't you telling us that you want to somehow cut out fraud, abuse, and waste in the food stamp program?

Mr. **Dickey**. Yes, sir. I am telling you that.

Senator **Melcher**. Do you think there is any fraud, abuse, or waste in the food stamp program connected with the elderly?

Mr. **Dickey**. I am sure it is very minimal, Senator.

Senator **Melcher**. I am asking you. Are you trying to tell us there is some fraud, abuse, and waste with the elderly in the food stamp program?

Mr. **Dickey**. No, sir, I am not attempting to tell you. I do not have any information.

Senator **Melcher**. You said you were sure it is minimal.

What do you mean? Either say that you do not believe there is any or say that you do believe there is some and then tell me what you mean by "minimal."

Mr. **Dickey**. Senator, I am sure when you have a program as large as the food stamp program involving 22 million people, there is some problem in program administration.

Senator **Melcher**. Fraud, abuse, or waste?

Mr. **Dickey**. That depends on the terminology, too. I think it is extremely minimal in the food stamp program. I think there are things we need to do.

Senator **Melcher**. Then do not throw around this $2.3 billion in savings, because obviously anybody that believes in nutrition for Americans must be saying there is $2.3 billion of fraud, abuse, and waste, and we know how to cut it out. But not to this committee. Two million elderly on the food stamp program, is that right?

Mr. **Dickey**. Yes.

Senator **Melcher**. How many do you think are eligible?

Mr. **Dickey**. Four million eligible.

Senator **Melcher**. Eighty-five percent of the elderly are below the poverty level.

Mr. **Dickey**. We estimate 4 million are eligible for the food stamp program.

Senator **Melcher**. When do you expect to have the other 2 million that you recognize and think you can identify? There are a vast amount more than that. Three weeks more in your office and you will know that.

When do you expect to have them on, and how much are you going to save out of their hides by not getting them on?

Mr. **Dickey**. I suspect that, according to our estimates, that the food stamp program would not be expanding under this particular program. So I doubt that those additional ones would come in.

Senator **Melcher**. Exactly.

In your testimony you have $3,000 worth of assets that are allowed for an elderly household. That is one in the household—or one of whom is 60 years of age or older.

Are you aware what those assets include? Savings accounts, savings to get buried with.

Mr. **Dickey**. That is a possibility; yes, sir.

Senator **Melcher**. So they are not even eligible.

Mr. **Dickey**. Above $3,000?

Senator **Melcher**. Yes.

Mr. **Dickey**. Yes.

Senator **Melcher**. Which would give a very poor burial for a couple, which would not provide hospital care for a couple for more than a few days. So already the bar is so stringent on people who are elderly to be eligible for the program.

Why would you ever think of throwing in the statement on page 4, "The elderly are exempt from the program's work registration requirement as well as the other work requirements such as job search."?

Mr. **Dickey**. That is merely, Senator, an attempt to outline several points.

Senator **Melcher**. Supposed to make it easy for the elderly to get food stamps?

Mr. **Dickey**. Those points, all together, I think are an attempt to point out that there are some benefits, and there are some points that I made which could benefit the elderly.

Senator **Melcher**. Mr. Dickey, my time is up right now. I will get to you in another round. I want to talk to you about that cheese and powdered milk.

Senator **Heinz**. Senator Bradley.

Senator **Bradley**. Thank you, Mr. Chairman.

I would like to ask Dr. Tolliver, what do you see as the purpose of the congregate nutrition services? Why is the program in existence? Why are you administering it?

Dr. **Tolliver**. The program is in existence for the purpose of providing well-balanced and nutritious meals for older persons who choose to come to the sites. Data reported by the States indicate that participants, on a national average, attend a congregate meal site about four times a month. The majority of participants however, attend on a much more frequent basis, and some attend as much as five times a week. The sites, as you know, are open at least 5 days per week, and some of the sites serve more than one meal. The program also affords individuals an opportunity for social interaction with their peers, and for linking up with other needed services.

Senator **Bradley**. Have you seen this at the delivery level?

Dr. **Tolliver**. Yes, I have.

Senator **Bradley**. How often?

Dr. **Tolliver**. How often have I seen it? I do not know. I would estimate that I have been in sites over the past, say, 10 years, perhaps two or three times a year prior to coming to Washington as Commissioner. I served as a member of an advisory committee for the Salvation Army senior citizens.

Senator **Bradley**. So you have been in these cities two or three times a year.

Did you see a lot of overfed senior citizens when you were in them?

Dr. **Tolliver**. There is no way to look at a person and know whether he or she has been overfed.

Senator **Bradley**. Did you see many full plates at the end of the lunch?

Dr. **Tolliver**. No.

Senator **Bradley**. So you agree with the purpose of the program?

Dr. **Tolliver**. Yes, I do.

Senator **Bradley**. And you say that in your experience you have seen the food was certainly well used.

Why is there the cut, then? Could you recommend it?

Dr. **Tolliver**. Well, certainly the rationale for the reduction in the budget is related to the resources that are available. Like other programs, we have absorbed a portion of the reduction, and we anticipate the initiatives mentioned in my testimony will help in maintaining service levels for those most in need.

Senator **Bradley**. I understand there is a freeze on the budget. I know that.

But I am asking you from your experience, how can this help? How can this do anything other than hurt senior citizens?

Dr. **Tolliver**. Well, Senator, I would like to refer to a letter which was sent to one of your colleagues from the State of California. A copy was forwarded for our information during the latter part of November.

The area agency director was commenting on the benefits that the agency was receiving from an intern sponsored by a minority intern program that we support. The intern analyzed the current nutrition program and made several recommendations with regard to changes to make the program more cost-effective and efficient. As a result, the area director stated that the intern had saved them over $100,000 in less than a 2-month period of being there. So it is these kinds of activities which we will be supporting throughout the aging network, and we believe they will enable us to maintain current service levels.

Senator **Bradley**. And if you believe that, you also believe the way to solve poverty is for every member of a church to adopt 10 poor people. It is a great idea. All these management efficiencies. But it will not work. You know it is not going to happen.

Dr. **Tolliver**. I have no basis for knowing it will not happen because it has not been tried.

Senator **Bradley**. Why?

Dr. **Tolliver**. Why has it not been tried?

Senator **Bradley**. Yes.

Dr. **Tolliver**. I do not know.

Senator **Bradley**. What has not been tried?

It seems to me that the history of social religion in this country has been, take care of the poor. How come it has not happened?

Dr. **Tolliver**. I was referring, Senator, to the initiatives which we propose along the lines of financial and program management.

Senator **Bradley**. That is not being responsive to the question. But let us move into your territory, which is cost and bureaucracy. Let us say we eliminate these congregate nutrition services. Any study done about how much that will push people into institutional settings?

Dr. **Tolliver**. No, we do not have that data available.

Senator **Bradley**. Why not? Isn't that a cost? Who is going to pay for the institutionalism?

I am going to pay for it. The taxpayers are going to pay for it.

What about the pressures that push senior citizens into institutions?

Dr. **Tolliver**. Well, Senator——

Senator **Bradley**. Did you agree that if you cut out this program there is a pressure for institutionalization?

Did you agree with that as a Commissioner?

Dr. **Tolliver**. Our proposal actually, with the current funds available, reduce the number of meals that would be——

Senator **Bradley**. Do you agree with my contention that if you cut out congregate nutritional services, you are pushing people into institutions? How are they going to get fed?

Dr. **Tolliver**. The fact that the average participant uses the program only four times per month would not, it would seem to me, necessarily result in sufficient malnutrition for the person to be institutionalized.

Senator **Bradley**. Could you tell me what is the analysis that says four times per month and in your view is that optimum? Is that the goal, to provide senior citizens with a few meals per month?

Dr. **Tolliver**. The legislation indicates that the meal is to be available 5 days a week and less than full participation in the program usually results from self-selection on the part of the participants or problems with things like transportation. The information on attendance by individuals was obtained from the longitudinal evaluation of the nutrition program.

Senator **Bradley**. Let me ask Mr. Dickey a question now.

Can you tell me how the low-income assistance is figured into eligibility for food stamps?

Mr. **Dickey**. Under the President's proposal, Senator, it would be counted as income.

Senator **Bradley**. That means when they get the energy assistance they would be bumped off food stamps?

Mr. **Dickey**. Those that are affected.

Senator **Bradley**. Let us say that I am out there in the field. You were a regional director. You understand what it is like to actually be there as a recipient. Let us assume I am on the margin and comes wintertime, I live in New Jersey, and I have a choice, it seems to me you are telling me, I have a choice either to take energy assistance and lose my food stamps, which is food, or I have a choice to take my food and lose my energy assistance, which means I am pretty cold.

In the summertime, of course, I will have more food stamps. So are you telling us that we should be like the squirrels, these poor people should be like squirrels and save up their food stamps in the summer or the winter because they will not be able to get them? Is that the way is should work?

Mr. **Dickey**. Your analysis of the family that is on the borderline, if in fact that energy assistance in calculating it, would push them over. That is correct.

Senator **Bradley**. How do you justify that?

Mr. **Dickey**. I think we justify that on the basis that basically the AFDC program and the Federal assistance programs are counted as income, and we felt that this was one of the areas in terms of reaching the overall objectives that we should blend into the already established income calculations and I am not attempting to tell you that this will not bring some hardships, Senator Bradley. I understand there will be those families.

Your statement in terms of these specific situations is correct. These are choices, hard decisions, and I think it is a very debatable one.

Senator BRADLEY. So there is a hole in the safety net?

Mr. DICKEY. No, I do not think so.

Senator BRADLEY. You just said that. You said there would be hardship.

Mr. DICKEY. There may be on individual families.

Senator BRADLEY. Is that a hole in the safety net or not?

Mr. DICKEY. I do not think that the safety net envisions that every family will be eliminated from any hardship.

Senator BRADLEY. Could you state for the committee what is your view of what the safety net is for senior citizens?

Mr. DICKEY. I think the view of this administration is that we feel the existing exemptions should, in the food stamps——

Senator BRADLEY. Not food stamps.

What is your view of the safety net for senior citizens?

Mr. DICKEY. And that the other programs, this legislative package that is put together, that the very needy in this particular country would not be affected. As I said earlier, unfortunately, the elderly, in terms of per capita income fall in the bottom, but those at the bottom are affected very minimally. I think it is consistent with that particular targeting of governmental assistance to those that are within the safety net, and the elderly are treated the same as any other person in the food stamp program.

Senator BRADLEY. Sounds not very well thought through.

Senator HEINZ. The safety net is beginning to look like a donut.

Senator BRADLEY. I agree with you.

Senator HEINZ. Senator Chiles.

STATEMENT BY SENATOR LAWTON CHILES

Senator CHILES. When the President coined the phrase "social safety net," he said that programs put into place to protect the poor, the unemployed, and elderly would be maintained as the Nation tried to resolve its economic problems. He said a couple of things specifically: "We will restore the food stamp program to its original purpose, to assist those without resources to purchase sufficient nutritional food, and remove those who are not in real need or who are abusing the program."

And second, he promised that: "Programs which provide meals for the elderly can presently be spared the sharp reductions that have necessarily been required of all other programs." These promises were in his original budget presentation.

Now we have the fiscal year 1983 budget and we see not only the enormous deficit but substantial cuts that have been projected for both these particular areas.

The food stamp issue has been raised and talked about here today. Therefore, I want to focus on the proposal that reduces nutrition programs by some $47 million. That proposal will result in a reduction of 70,000 meals per day, or 18 million meals per year. That reduction is going to make a difference, and it seems like to me that we are certainly being "penny wise and pound foolish" to reduce those meals, especially when we see that they are an integral part of the community-based service system, which was designed to keep people out of the elderly homes.

Another thing I want to ask, and Senator Bradley raised this, about people going into nursing homes and homes for the aged. Certainly, that will cost us a ton of money. People can go into these homes under an entitlement program. The budget does not keep them from going into nursing homes. Medicare and medicaid will pay the expenses and that, of course, is going to be a direct outlay.

Since we have talked almost exclusively about congregate meals, I would now like to turn our attention to home-delivered meals. You have requested approximately $250 million for congregate meals and only $48 million for home-delivered meals. That is a cut of over $9 million in the home-delivered category. Why did you cut home-delivered so hard? I hope that everyone here recognizes that home-delivered meals are basically going to the fastest growing segment of our population, those age 85 and over—and that those are the people who will be sent to nursing homes because of the reduction in meals—Commissioner, can you tell me why this cut?

Dr. Tolliver. Yes, Senator. I would like to mention that the Office of the Inspector General within the Department of Health and Human Services conducted a study of the home-delivered-meals program. Their findings indicated that a significant number of persons were receiving home-delivered meals who did not need them. They estimated that the number could be as high as 25 percent of the participants. As in the case of the reduction for congregate nutrition services, I do not think that the reductions in home-delivered meals will have an effect on institutionalization.

Senator Chiles. Twenty-five percent of the people receiving the home-delivered do not need them?

Dr. Tolliver. That is correct.

Senator Chiles. Can you tell me where they were?

Dr. Tolliver. Some of the people were not at home when the meals were delivered. Others were ambulatory and would have been better served if they had participated in congregate meals.

Senator Chiles. Do you know the size of the waiting list in this country for home-delivered meals?

Dr. Tolliver. Not specifically.

Senator Chiles. You do not know the size of the waiting list and yet you can say 25 percent of the people receiving meals do not need them?

Dr. Tolliver. This was based on person-to-person contact with the individuals who operated the home-delivered-meals programs in the local communities and on visits to the homes of the older persons.

Senator Chiles. Well, it seems to me if that is true, if it is 25 percent or one-fourth of the home delivered meals, that is an indictment on that program, that you have 25 percent—so what you are really saying is that there is 25 percent fraud in the home delivered meals? People do not need the meals?

Dr. Tolliver. Well, at this point I do not believe we would be justified in concluding that this is due to fraud. Instead, I would have to question the program management which has provided home delivered meals to some for whom they are not appropriate, that is to those who are not homebound elderly. We have responded to the results of the study by putting forth an effort to help to link these persons into our congregate nutrition sites. Please bear in mind, Senator, that the finding was not that the percentage of home delivered meals which go to those for whom they are not appropriate could be as high as 25 percent, but, instead, that the percentage of participants receiving home delivered meals inappropriately could be as high as 25 percent.

Senator CHILES. I would say if you have 25 percent that do not deserve those meals, I think it would be somewhat appropriate that you look and see how many are on the waiting list that do deserve a home delivered meal before you start cutting the heck out of it. You said you do not even know how many are on the waiting list.

How could the study have any validity?

Dr. TOLLIVER. We have asked the States to take responsibility for this area in terms of what you just suggested.

Senator CHILES. In my State, St. Petersburg has 900 people on the waiting list. 900 people, and you are going to cut home delivered meals in that area on the basis that someone may be receiving a home delivered meal that does not deserve it. How can you justify cutting a program when you have 900 people on a waiting list? Those are people 80 and older. You are driving people into nursing homes.

Senator HEINZ. I have one last question of Mr. Dickey.

In your testimony on page 5, you say, "While some proposed changes impact the elderly, others do not, and the general result does not discriminate against the elderly."

That is simply untrue.

Is it not in fact the case that, along with the working poor, the elderly will indeed bear the greatest burden, and is it not true that over 25 percent of the elderly will be made ineligible for food stamps versus 10 percent for the caseload as a whole, and is it also not true that the elderly are the single largest group receiving energy assistance, and therefore will feel the impact of that offset greater than anybody else?

Mr. DICKEY. Mr. Chairman, that statement is made in the context that these particular proposals, in terms of categories of income of people and distribution of income—that is not specifically targeted to deal with any categories of individuals any differently.

Senator HEINZ. Your word was not "categories" in your statement. It was "general result."

Mr. DICKEY. Senator, as I indicated——

Senator HEINZ. Result, not intent. Now, I gave you some numbers as to the result. Are they accurate or inaccurate?

Mr. DICKEY. Those numbers are essentially accurate.

Senator HEINZ. So the result is they will fall more heavily on the elderly than any other group. That is what those numbers mean, don't they?

Mr. DICKEY. Those particular numbers do in fact hamper or target or affect, I guess is the better word, because of the distribution of income of the elderly, as I said earlier. Those households will be hit harder than the average household on the food stamp program.

Senator HEINZ. So the answer to my question is, Yes, these changes will impact the elderly even though that was not the intention?

Mr. DICKEY. Yes, sir.

Senator HEINZ. They will impact the elderly more than any other group in the country, except possibly the working poor.

Mr. DICKEY. I would agree with that qualification.

Senator HEINZ. Thank you, Mr. Dickey.

Any other questions?

Senator MELCHER. I have some questions, Mr. Chairman.

First of all, Dr. Tolliver, when you recommend that 607,000 meals per day, congregate meals at nutrition centers, be reduced by 51,000 and then—I do not know how many meals we are talking about, how many home-delivered meals, but you recommend that $9 million be saved in the program. What does that mean in meals?

Dr. TOLLIVER. The total number of meals that would be supported with fiscal year 1983 funds would be 160,471,000. That is broken down as follows—congregate meals, 131,310,000; and home-delivered, 29,161,000. There were, in fiscal year 1981, 12,915 congregate meal sites and 3,373 home-delivered providers. We estimate that the reductions will amount to a reduction of five meals per day per site or provider.

Senator MELCHER. How many per day? You have given us a figure of reduction. What you are saying is, meals served at the nutrition site—are you including in that, meals-on-wheels?

Dr. TOLLIVER. Yes; that includes the home-delivered meals.

Senator MELCHER. They only get there if somebody is willing to prepare them and take them there. It hardly relates itself to the recommendation—hardly relates itself to your job as Commissioner. We should be going the other way, is what I am saying: you should be going the other way, that more meals-on-wheels should be delivered, more meals be served at these nutrition sites.

Mr. Dickey, you talked about 100,000 pounds of cheese being distributed. Is that the figure you used?

Mr. DICKEY. The first amount that we made available, Senator, was 30 million, and then we have added 70 million more.

Senator MELCHER. Excuse me? 100 million?

Mr. DICKEY. Yes.

Senator MELCHER. How much does that leave in Federal storage, deducting that 100 million?

Mr. DICKEY. As you pointed out, should that all be out of the inventory, and it is not, and you know that—there is over 500 million pounds in inventory, and even if that, even if it were all out—obviously, 400 million pounds——

Senator MELCHER. How much are you adding daily?

Mr. DICKEY. Their inventory, as I understand, is growing faster than it is being moved out.

Senator MELCHER. So having moved out, or obligated to move out, 100 million, you are still going to end up with more in storage than what you started with when you started moving the 100 million?

Mr. DICKEY. Unless that rate of distribution or some other——

Senator MELCHER. Let us not get into this "unless." Let us talk about what is happening.

Mr. DICKEY. You are right.

Senator MELCHER. You are not moving it out as fast as it is coming in?

Mr. DICKEY. That is correct.

Senator MELCHER. So Federal storage charges are accruing?

Mr. DICKEY. Yes.

Senator MELCHER. It costs less to move it out than to pay the Federal storage charge?

Mr. DICKEY. I understand that is correct.

Senator MELCHER. It is correct.

How about powdered milk?

Mr. DICKEY. I do not have those figures.

Senator MELCHER. Have we moved any out?

Mr. DICKEY. Not under that particular program, no.

Senator MELCHER. The particular program we are talking about is the law that your Secretary, my Secretary of Agriculture, everybody's Secretary of Agriculture recommended be signed into law by the President. That was in December. You have not moved out any powdered milk under that provision, have you?

Mr. DICKEY. Senator, I do not know. Under that provision——

Senator MELCHER. Wait a minute. We can stop right here. A yes or a no answer.

Mr. DICKEY. Senator, I am sorry; I do not know. I will check that. I do not know which law, Senator. I just do not know in terms of the powdered milk.

Senator MELCHER. How about butter?

Mr. DICKEY. We have one pilot project in terms of distributing butter to needy households, yes, sir.

Senator MELCHER. How about under the broad provision of the law that says get out bonus commodities to school lunch and senior citizens?

Mr. DICKEY. Yes, sir; that is being made available to school service people as a bonus commodity.

Senator MELCHER. How much has moved?

Mr. DICKEY. I do not have the figures of how much, but I am sure——

Senator MELCHER. Let me tell you something. We are a State that serves 17,000 meals per day to nutrition centers, which seems to be a very high percentage if you look at the total figure that Dr. Tolliver is talking about. When I last checked a couple of weeks ago, there had not been 1 pound of butter moved to our State under the bonus commodity provision available for the school lunches and for the nutrition centers.

I might point out that the cheapest time to move that butter is during the wintertime when you do not have to worry about it melting because of the lack of refrigeration in transportation.

How much powdered milk do you have in storage?

Mr. DICKEY. I do not know, Senator.

Senator MELCHER. You do not know?

Mr. DICKEY. No, sir. I do not know.

Senator MELCHER. Who does know?

Mr. DICKEY. I expect the people in ASCS. I do not know that.

Senator MELCHER. The fact is, Mr. Dickey, that the Food and Nutrition Service of the Department of Agriculture is derelict in its duty, absolutely derelict. Now, we cannot blame you if you have only been there for 3 weeks, but we can start blaming you about tomorrow.

Mr. DICKEY. Senator, the bonus commodities in the school lunch program—dry milk, butter, and cheese—I know we have been making that available to the school lunch program for some time. I do not know about the——

Senator MELCHER. Mr. Dickey, you have been making it available—I think your associate would like to correct you on that.

Mr. BRALEY. Senator, it is my understanding the bonus commodities—we have been making them available for the past several years. These are the items that are bought under the price support activities, and last year, to school districts, we distributed several hundred million——

Senator MELCHER. Let's not fence with words. We are talking about bonus commodities carried in the amendment in the Farm Act which have not been distributed over and above what they would have ordinarily had in the school lunch program.

Mr. BRALEY. If I could explain a little further: There are a certain number of cents per meal that each school lunch is entitled to. Over and above that, there are these bonus commodities that do not count against entitlement. The farm bill, as I understand, merely put in legislation a practice that we had done administratively for several years before that. So we have been giving these commodities——

Senator MELCHER. Do not give me that stuff. You are sending them out so much per meal, a combination of cash and commodities, and that was all. What that bill instructed you to do is to go beyond that in credits, get it out there without any cost to transportation, and quit paying Federal storage charges on it, and you are not doing it either for the schools or—except for the cheese.

Senator HEINZ. We have five bells up. Neither you nor I have voted. If we are going to make the vote, I suggest we recess temporarily.

Senator MELCHER. While we are recessed, I suggest you get me the figures on how much has gone out, and that will be about 10 minutes, and you ought to be able to pull that out.

Senator HEINZ. I will recess with the understanding that when Senator Chiles comes back, he may proceed, if we are not back, to the next panel, and the information Senator Melcher wants will be put into the record.

Senator MELCHER. Mr. Chairman, I would like to see if, within 10 minutes, they can get that.

[Whereupon, a short recess was taken.]

[Subsequent to the hearing, the following correspondence related to the hearing transpired:]

U.S. DEPARTMENT OF AGRICULTURE,
FOOD AND NUTRITION SERVICE,
Alexandria, Va., March 5, 1982.

DEAR SENATOR MELCHER: In response to your inquiry of February 25, 1982, during a hearing of the Special Committee on Aging, I would like to submit to you, and to the Special Committee for inclusion in the record, a brief statement on the progress of the special distribution of uncommitted surplus commodities to the older Americans' centers.

The legislation that authorizes the special distribution of price-supported items to older Americans' centers, as well as child nutrition programs and food banks, is section 1114 of the Food and Agriculture Act of 1981 (Public Law 97-98). This provision specifically makes available commodities "that are not likely to be sold by the Commodity Credit Corporation (CCC) or otherwise used in programs of commodity sale or distribution * * *" The intent of this provision was to make available to poor and needy persons uncommitted, surplus CCC-owned stocks that had grown to unmanageable proportions.

Under the Older Americans Act, the Department is required to provide a certain level of support (entitlement) based on the number of meals served for nutrition programs through either donated foods or cash. The foods provided include fruits, vegetables, meat and poultry, grain, oil, and peanut items.

On October 6, 1981, older Americans' centers became eligible to receive bonus commodities in excess of their entitlements. The bonus commodities, which were offered through the elderly feeding program, were for those sites that received only commodities, and not cash against their entitlement. On December 23, 1981, in addition to commodity sites, cash-in-lieu sites were deemed eligible to participate in this program. The only items that are currently in such excess as to be deemed bonus commodities are the dairy products—cheese, nonfat dry milk, and butter.

During the present fiscal year (as of February 22, 1982), the Food and Nutrition Service (FNS) has distributed 2.2 million pounds of dairy products in the elderly feeding program, at a cost of $3.2 million. We have distributed 920,000 pounds of butter, 1 million pounds of cheese, and 300,000 pounds of nonfat dry milk. Our estimates indicate that by the end of this fiscal year, FNS will have donated approximately $7 million in dairy surplus in the elderly feeding program.

It may interest you to know that as of February 5, 1982, the Department is accepting orders for the distribution of 70 million pounds of cheese in addition to the 30 million pounds of cheese in the Department's "cheese giveaway." By including this in our totals, we estimate that $700 million in bonus commodities will be donated by the end of this fiscal year through domestic feeding programs.

As you can see, FNS is making great efforts to insure that complicity with the law is achieved. I share your concern on this matter, and I appreciate your keen interest.

If I can be of further assistance in these areas, please contact me.

Sincerely,

GENE P. DICKEY,
Acting Administrator.

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, D.C., April 2, 1982.

DEAR SECRETARY BLOCK: We are writing concerning the distribution of bonus surplus commodities through nutrition programs under the Older Americans Act which was authorized by an amendment to the 1981 farm bill. This applies to dairy products.

There are approximately 1.5 billion pounds of cheese, butter, and dried milk in Federal storage. The USDA Acting Administrator of Food and Nutrition Service, Gene P. Dickey, stated in a February 25 hearing before the Senate Special Committee on Aging that it costs more to store these surplus foods than to distribute them to States for nutrition programs. However, more dairy products are now going in to storage than are moving out. With the administration threatening cutbacks in all food programs that serve the elderly, these bonus surplus dairy commodities can be used to enhance the food supplies for senior citizen nutrition centers.

Probably the majority of the elderly in our country today are having a hard time making ends meet. Adequate nutrition is essential for them to maintain health and independent lives, and their fixed incomes are often very meager and eroded by inflation.

One of the goals of the meals programs under the Older Americans Act should be expansion to serve more of the elderly. Keeping up the meal quality is difficult with no budget increases to offset inflation. Greater use of bonus surplus dairy commodities in these programs and in take-home packages could make a real difference in whether or not adequate nutrition can continue to be provided

In response to questioning at the February 25 Senate Aging Committee hearing, Mr. Dickey indicated in a followup letter that "by the end of this fiscal year, FNS will have donated approximately $7 million in dairy surplus in the elderly feeding program." This is a very small amount. It should be at least $100 million of bonus surplus dairy commodities for the elderly to put them to best use and prevent unnecessary storage costs.

The States have not been adequately notified of the availability of bonus commodities of cheese, butter, and powdered nonfat dried milk. We have been assured by many of the States that while they are anxious for these commodities, they have been stalled, stymied, and subject to inordinate delays.

We believe that the bonus surplus dairy commodity distribution program is not being given priority attention. To achieve this, your cooperation is essential. We look forward to your response.

Sincerely,

JOHN HEINZ.
PETE V. DOMENICI.
CHARLES H. PERCY.
NANCY LANDON KASSEBAUM.
WILLIAM S. COHEN.
LARRY PRESSLER.
LAWTON CHILES.
JOHN GLENN.
JOHN MELCHER.
DAVID PRYOR.
BILL BRADLEY.
QUENTIN N. BURDICK.
CHRISTOPHER J. DODD.

U.S. DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 1, 1982.

DEAR SENATOR MELCHER: Thank you for your recent letter in behalf of your colleagues regarding the distribution of surplus bonus dairy commodities to the elderly.

Please be assured that the distribution of surplus commodities is a high priority of the U.S. Department of Agriculture (USDA). We are exploring alternative ways to distribute these items to eligible recipients. In particular, we are giving special attention to the distribution of these commodities to needy, elderly citizens. Beginning this summer, USDA is initiating two pilot projects for commodity distribution to low-income elderly persons. Selection of the demonstration sites will be based on proposals submitted from the existing 26 sites already participating in a supplemental food program for infants, children, and low-income mothers. The purpose of the demonstration will be to examine various food packages and delivery systems for providing supplemental foods to the low-income elderly, especially those incapacitated by poor health and transportation problems. Even during these times of financial restraint, we cannot overlook our commitment to improving food delivery systems to those truly in need.

A variety of recipient agencies, including the nutrition program for the elderly (NPE) project sites, are regularly receiving bonus dairy items. The Department has asked States to encourage schools, child care food programs, title III and title VI NPE projects for congregate and home delivered meals to order as much cheese, butter, and nonfat dry milk as they can use without waste. Recipient agencies are aware that they may request State distributing agencies to order additional dairy products as their needs increase. It is anticipated that approximately $9 million in bonus dairy items will be distributed to NPE by the end of fiscal year 1982.

Many older Americans are also served by charitable institutions which may now order bonus dairy items based upon the total number of people served. Previously their orders were based upon the number of needy persons served. In addition, older Americans are benefiting from the special cheese distribution program. Since December 1981, when the Department announced this program, 220 million pounds of process American cheese have been made available for distribution to needy people, including distribution through food banks for home consumption.

In regard to butter distribution, there is currently a pilot project in progress in the Waterloo, Iowa, area. The purpose of the project is to test the feasibility of distributing surplus butter on a nationwide basis in the near future. The Hawkeye Valley Area Agency on Aging, a participating recipient agency in the nutrition program for the elderly, is the administrative body overseeing this project. Unique problems exist for the distribution of surplus butter, which is currently inventoried in 68-pound blocks. Resolving distribution and packaging problems for the surplus butter will be necessary before the program is fully implemented.

We appreciate your concern and welcome additional suggestions for the effective distribution and utilization of bonus dairy items. If we can be of further assistance, please let us know.

Sincerely,

JOHN R. BLOCK, *Secretary.*

[Senator Heinz, in a letter to the Department of Health and Human Services, asked a number of questions relating to nutrition. Those questions and responses follow:]

Question 1. What kind of data is available from the Department of Health and Human Services regarding the nutritional status of older Americans? (Please include information on the prevalence of hunger and malnutrition among the elderly.)

Answer. Specific information on the prevalence of hunger and malnutrition is not currently available for the elderly. Hunger is a more immediate condition and malnutrition develops over a longer period of time, the terms are not synonymous.

The Department is currently involved in two efforts regarding the nutritional status of older persons. The first is a health and nutrition examination survey conducted by the National Center for Health Statistics, for which the survey materials have just been completed. The second, is a study sponsored by the National Institute on Aging which will track older persons surveyed. Results from these two studies are not yet available.

Question 2. Does departmental data exist on the contribution that the AoA nutrition program has made in reducing the prevalence of hunger and malnutrition among older Americans?

Answer. As mentioned above, we do not have information on the prevalence of hunger and malnutrition among older Americans. Therefore, we do not have information on the impact of the AoA nutrition program in reducing hunger and malnutrition.

Older persons participating in title III nutrition services programs consume a meal at a congregate site on the average about four times a month. This rate of participation is based on the unduplicated total number of persons who were provided nutrition services and the total number of meals served at congregate sites reported by the States in fiscal year 1981. Such a mathematical average does not, of course, give an indication of the frequency with which most persons participate in the program since it includes those persons who may participate only once a month and even less frequently. States are not required to report information to AoA regarding the frequency of participation.

A more accurate picture of the participation rate was gained from the evaluation study of the nutrition program concluded in 1979. That study found that the vast majority of participants attend nutrition sites once or more a week, and that the most frequent participants are persons who are minority, low income, over 75 years of age or are persons who live alone and feel they are not in good health. The average rate of attendance across all sites included in the evaluation study was 2 to 3 days per week per participant.

Question 3. What data is available from the Department on the interaction between the AoA nutrition program and the food stamp program?

Answer. There is no data on the interaction between the AoA nutrition program and the food stamp program. Currently recipients of nutrition services may contribute food stamps to defray the costs of the services provided. The extent of these contributions is not known.

Question 4. What do you estimate to be the number of nutrition services' participants that would be affected by the proposed reductions in title III funding?

Answer. It is difficult to identify specific numbers of older persons affected by reductions or increases in funding. A number of options exist on how to administer programs with increased or reduced funding levels. For example, some programs may opt to serve the same number of persons more or less meals per day. Other programs may opt to serve more or fewer persons with the same frequency. These decisions will be made at the local level.

The Administration on Aging is pursuing two objectives aimed at maintaining service levels to the extent possible. A fuller discussion of these objectives is provided in response to question 10.

The President has established as a principal goal of this administration the revitalization of the American economy as a whole. Inflation, high interest rates, and other problems severely tax the ability of older persons to continue to lead independent and meaningful lives. This means that we have had some hard choices to make.

The proposed budget levels in nutrition services are consistent with this overall economic and social objective. We sincerely believe that the best social service we can deliver to the elderly is a healthy economy.

Question 5. What effect will the proposed elimination of the title V program have on the operation of title III nutrition services?

Answer. We are not certain that elimination of title V of the Older Americans Act will necessarily result in the loss of all or most of these workers.

We have been informed by the Department of Labor that the proposed Jobs Training Act of 1982 has been submitted recently to the Congress. This program, at a proposed funding level of $1.8 billion, will provide funds to the States for training for private sector employment, with a focus on disadvantaged youth and AFDC recipients. However, States would be allowed to set aside up to 10 percent of this block grant for other workers, including older workers. In addition, a $200-million program will be administered by the Department of Labor for special groups, including older workers, Indians, and migrants.

Currently a large number of volunteers provide a significant contribution to the operation of title III nutrition services. For fiscal year 1981 States reported 238,111 volunteers working in title III nutrition services. Increased efforts will be made to maximize the use of volunteers in meeting the needs of nutrition services operations.

To the extent that these measures are not sufficient, it might be possible to generate funds from local public and private sources to pay for the employment of older workers at nutrition sites and centers.

Question 6. What effect would the proposal to transfer the U.S. Department of Agriculture commodity program to the Administration on Aging have on States?

Answer. The proposal to transfer the commodities or cash-in-lieu of commodities program from the Department of Agriculture to the Administration on Aging would have the following impact:

—Cost savings are expected in the simplifying of States' program administration. States would have to deal with only one agency, the Administration on Aging. The burden of reporting quarterly to the Department of Agriculture on numbers of meals served in the previous quarter and estimated numbers for subsequent quarters would be eliminated.

—The entitlements are currently based on the number of meals served. The proposal would base the entitlements on amounts received in fiscal year 1982, regardless of the number of meals served. Therefore, those States which are not able to maintain meal levels in fiscal year 1983 will not be further penalized by decreases in this part of the program.

The advantages resulting from the simplification of the program, in our opinion, outweigh other considerations.

Question 7. Would States which are working toward a lower unit cost per meal in fiscal year 1983, as compared to other States, be negatively affected by the proposal to distribute USDA funds to States in fiscal year 1983 in the same proportion as in fiscal year 1982?

Answer. The proposal to distribute to States through the Administration on Aging funds which are presently distributed by USDA is a Federal fiscal management transfer. As such, the change in method of distributing the funds will have no effect on States which are working toward a lower unit cost per meal.

Question 8. What proportion and amount of non-Federal support for the nutrition program is estimated to come from contributions from nutrition services' participants for fiscal year 1983?

Answer. One of the strategies developed in order to maintain nutrition and supportive services to the extent possible is an increase in program income. Contributions by older persons are only a part of this program income.

In past years States have reported the following levels of expenditures from participant contributions: Fiscal year 1979—$40 million; fiscal year 1980—$67 million; and fiscal year 1981—$79 million.

It is anticipated, as a result of the management initiatives of AoA which are described in response to question 10, that participant contributions for fiscal year 1982 will amount to $92 million, and for 1983 will reach $120 million for title III, nutrition and supportive services.

Question 9. Do you believe that program contributions will increase in fiscal year 1983 from the fiscal year 1982 levels, despite a proposed reduction in the total amount of title III funds for meals?

Answer. Yes, we believe that both the total program income expenditure and the average program income expenditures per meal will increase.

As indicated in response to the preceding question, the program contributions target for fiscal year 1982 is $92 million, and the target for fiscal year 1983 is $120 million.

Question 10. How does the Department propose to achieve an increase in the amount of contributions older persons make toward the cost of nutrition services?

Answer. In order to maintain service levels to the extent possible, AoA is pursuing two objectives aimed at strengthening the financial management and effective and efficient use of title III programs. The first objective is to increase the level of contributions for services. The following activities are designed to increase contributions:

—Determining the past and current level of program income expenditures by area agencies, and analyzing State and area agency policies and procedures governing the use and accountability for such funds.

—Follow up with State and area agencies to urge them to improve income accountability and expenditures for title III services.

—Identification and dissemination regarding models of best practice for use by area agencies in generating program income; and

—Carrying out a national public information campaign which will indicate the benefits to be achieved from successfully managing this sizable resource (public information materials to be developed and issued during fiscal year 1982–83).

As part of an 18-month effort, there will be identification of areas such as models of best practice and information to be disseminated.

The second objective will be to take steps to improve the program and financial management of State and area agencies, including actions in response to GAO and Inspector General recommendations. As part of its regular assessment of State agencies, AoA will focus on those financial and management concerns which are impeding the program from operating at maximum efficiency. AoA will also provide special technical assistance aimed at improving State agency financial management, including the development of model performance-based payment techniques for use by area agencies in managing title III funds awarded to local service providers.

Based on the attainment of these two objectives, participant contributions for fiscal year 1982 are expected to reach $92 million, and for fiscal year 1983 to increase to $120 million for title III, nutrition and supportive services.

AFTER RECESS

Senator CHILES [presiding]. The hearing room will please come to order. Senator Heinz will be back shortly. In the meantime, I will preside.

We may be in for a series of votes, so we are going to start with our next panel, which will be the food stamp panel.

Mr. Greenstein is the director of the Center on the Budget and Public Policy, in Washington, D.C., and Mr. Fagan is the director of the Baltimore County Office on Aging, and Jean Grant, who happens to be from my county, my home, in Florida, is a county commissioner, also a person that has worked in the area. Ms. Grant is here to testify on behalf of the National Association of Counties. She is an officer on the board of directors of the NACo Aging Affiliate and president of the Florida State Association of County Commissioners, Aging Affiliate.

Ms. Grant will address the food stamp issue as well as the need for food stamps and nutrition programs. I understand she needs to catch an early plane back to Florida, so we will start with her testimony.

STATEMENT OF JEAN GRANT, COMMISSIONER, CITRUS COUNTY, FLA., ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES

Ms. GRANT. It is a pleasure to be here. You stated who I am, so I will dispense with the introduction. I did bring a couple of statements for the record.

Senator CHILES. We will put those statements into the record.

Ms. GRANT. I would like to say that NACo agrees that a moratorium should be placed on budget reductions for fiscal 1983 which affect

State and local government. I think we are all in concurrence with that. The impact of the cutbacks in eligibility is already being anticipated in Citrus County.

From November 1981 to January 1982, a period of only 3 months, the number of households served by the food stamp program increased from 1,309 to 1,419, and the number of individuals served increased from 3,658 to 4,081. Of these figures, approximately 14 percent represent the elderly. This increase is primarily attributed to a rise in unemployment.

This is from a county of approximately 56,000.

We have been talking about the urban areas and now you can see what is happening in the rural areas.

Senator CHILES. You are talking about close to 10 percent.

Ms. GRANT. Another example which illustrates both the impact of the proposed changes in the food stamp program and the interrelatedness among all services is in the area of home-delivered meals.

In Citrus County, and the surrounding counties of Sumter, Marion, and Hernando, a total of 551 meals are delivered to homebound elderly who pay for this service with food stamps. Actually, if we change any of these, I do not think anyone has the figures to determine the impact it is going to have on the local government. These people are going to land in the hospital.

Those were the two examples I brought from home.

Tim Fagan is also with NACo, and he can give you some more examples, if he can go ahead.

Senator CHILES. Let me ask you a question. You said you deliver 551 meals and that many of those meals are paid for by food stamps. So what you are saying is that budget cuts will amount to a double whammy. As food stamp eligibility is cut, the people will not be able to pay. The cut on the other nutrition funds will keep you from delivering the meals or other services.

Ms. GRANT. It is true, and they have no place else to go. We are a very rural county. We have one industry, and that is a utility company. Other than that, we have no one to call on, to draw from. I think it is great on volunteerism, and those of us that can volunteer have done this, but the churches can't meet all of the needs.

Senator CHILES. How much money does the community raise for the program?

Ms. GRANT. It is approximately 25 percent. I cannot give you the total dollar figure, but it is approximately 25 percent.

Senator CHILES. Before we hear from Mr. Fagan, I will insert into the record the prepared statement of Ms. Grant.

[The prepared statement of Ms. Grant follows:]

PREPARED STATEMENT OF JEAN GRANT

Good morning, Mr. Chairman, I am Jean Grant, a commissioner from Citrus County, Fla. I am also an officer on the board of directors of the National Association of County Aging Programs, which is an affiliate of NACo; a member of NACo's human resources steering committee; and president of the Florida State Association of County Commissioners' Aging Affiliate. I am here today to discuss the administration's proposals to reduce food stamp benefits with regard to the impact this would have on our elderly population.

First, I would like to make it clear that the National Association of Counties supports the concepts of decentralization of government, and supports the goals of returning control of essential government services, insofar as possible, to that level of government most capable of providing them. NACo also agrees that a moratorium should be placed on the budget reductions for fiscal year 1983 affecting State and local government, and that the devolution of responsibility for programs to the State and local level must be carefully coordinated and placed to insure a stable and acceptable realinement of our Federal system.

In discussing the issue of food stamps, it is important to remember the fact that this is only one element of an entire picture—one thread in the web which constitutes the life support system for needy older persons. We cannot speak about the impact of proposed reductions and changes in the food stamp program without keeping in mind that older persons rely on an intricate and interrelated network of programs and services.

Now let me turn to specifics. The cutbacks in eligibility for food stamps would have a direct and detrimental effect on the elderly. Please remember, we are talking about a group of people living on a fixed income without the physical capability or resources to locate additional income. The proposed inclusion of low-income energy assistance as income for food stamp eligibility would add unwelcome administrative complexity at the operations level and would appear to be unnecessarily restrictive, since income eligibility is already set at 130 percent of poverty level. Since energy assistance is intended for a specific purpose—to help needy elderly persons survive the effects of cold winters who would otherwise lack the resources to purchase life-preserving fuel—and since food stamps by definition, go only to clearly needy people, it seems unreasonable to cancel out the fuel resource by further reducing access to food assistance. For example, the Congressional Budget Office reports that an elderly couple living on $425 a month in social security benefits currently is eligible for $312 annually in food stamps. Under the administration's proposal, their food stamps would be cut to $108 a year. If the couple also was receiving $30 a month in fuel aid, their food stamp benefits would be wiped out altogether. In other words, the elderly living in cold climates would be forced to make the choice between freezing and starving.

At the county level, accounting for the fuel assistance in determining food stamp eligibility will be complicated by the fact that food stamps and energy assistance are usually not administered by the same agencies. The irregularity of energy assistance payments and the separate eligibility process would necessitate more frequent redeterminations of food stamp eligibility, thus contributing to higher costs and errors for an otherwise stable group of food stamp cases.

Furthermore, in States where food stamps are already cashed out for SSI recipients, it is hard to imagine the complexity of deducting the winter energy payments administered at the local level, from the Social Security Administration's computer in Baltimore without creating errors far in excess of the 3 percent the administration proposes as the 1983 standard, dropping to "zero tolerance" in 1986.

The impact of cutbacks in eligibility is already being anticipated in my own county of Citrus in Florida. From November 1981 to January 1982—a period of only 3 months—the number of households served by the food stamp program increased from 1,309 to 1,419; and the number of individuals served increased from 3,658 to 4,081. Of these figures, approximately 14 percent represent the elderly. This increase is primarily attributed to a rise in unemployment.

With the proposed discontinuation of the senior community employment service program (title V), this will add to the number of elderly applying for food stamps. Furthermore the changes in eligibility, and the elimination of the $10 minimum food stamp benefit, would force the elderly to apply to our county welfare office for assistance. As a result, our already overburdened welfare system will not be able to absorb the increase, and the elderly will find themselves caught in a continuing roundrobin and possibly not receiving any assistance for their basic nutritional and other needs. This is also a perfect illustration of how all these programs form an intricate network of services, each dependent on the other.

Another example which illustrates both the impact of proposed changes in the food stamp program and the interrelatedness among all services is in the area of home delivered meals. In Citrus County and the surrounding counties of Sumter, Marion, and Hernando, a total of 551 meals are delivered to homebound elderly who pay for this service with food stamps. The proposed changes in eligibility requirements, coupled with the proposed reduction in nutrition programs, would bring about the termination of home delivery meals to these individuals. As a result, they would have to be placed in nursing homes at a greater cost to the county.

On another matter, NACo supports "cashing out" food stamp benefits for recipients of SSI and AFDC benefits, and providing Federal cash payments instead of the costly coupon procedures for nonpublic assistance of food stamp recipients. The effect on the elderly would be greater dignity and simplicity. Additional trips to food stamp offices and coupon vendors would be eliminated. Frail elderly persons who must arrange shopping services would be spared the complex procedures of securing second-party authorizations. SSI and social security recipients would be able to receive all of their income assistance from one source, minimizing their need to confront multiple bureaucracies. At the county, State, and Federal levels, the food stamp bureaucracy would be substantially reduced, as would the "middleman" network that thrives on the food stamp program.

Now I would like to introduce Tim Fagan who will provide you with additional examples of the impact of changes in the food stamp program on the elderly.

Senator CHILES. Mr. Fagan.

STATEMENT OF J. TIMOTHY FAGAN, BALTIMORE, MD., DIRECTOR, BALTIMORE COUNTY OFFICE ON AGING

Mr. FAGAN. Mr. Chairman, members of the committee, my name is Tim Fagan. I am the director of the Baltimore County Department on Aging. We have 103,000 older people in our county.

The testimony has covered most of the major points that I think need to be covered. I would like to take it from a little bit different slant as a county official.

It is obvious that the proposed change in this regulation is an insult, not only to the elderly, but to those who administer to the needs of the elderly, and it serves as a very fundamental issue that we at the county level are trying to find out from Washington, and that is the definition of who are the truly needy.

In Baltimore County, we have one of the lowest food stamp utilization rates in the country. Food stamps become a point of last resort, as has been illustrated here. We have many people in our county who are eligible for food stamps and will not accept food stamps because they recognize the condition the country is in right now, and they are willing to take their fair share of the blow.

Most of the folks that are affected by this in Baltimore County are folks that cannot fend for themselves, cannot advocate for themselves. I think you very graphically illustrated yourself the total absurdity. More than the issue that lies in front of us in regard to these regulations is the question of the standard that we set to define the truly needy.

There is an assumption on the part of this administration that the programs that do exist are, in fact, taking care of the truly needy, and I would strongly communicate to you, that in our county, that we do not have a social safety net. We do not have programs coming from Washington that are, in fact, taking care of our truly needy. The discussions of this group should be to examine whether the food stamp regulations are readjusted so we have more money in them to feed the folks that really need it.

The other thing that has emerged here is the point about the private sector volunteerism.

In our county, we have over 3,000 volunteers that are involved in a whole wide variety of programs. We have private sector involvement. We have church and synagogue. We have charity involvement. But quite frankly, even with this strong involvement, and we have a strong county involvement of $2.5 million of local money, and $7 million in building money for senior centers, we have experienced a $1.2-million reduction in purchasing power from the Federal level and with the Reagan administration program excluding entitlement and benefit programs, right now we are looking at another half million.

Our local county council and our State legislature is examining areas which it wants to support and prioritize. But we really ask the question: Where is Washington in the picture? Where is the leadership that we have always had from Washington that, in fact, cuts the path for older people? Older people want to be a part of solving the economic problems of this country. They will go without heat. They will go without food. But when you begin to cut that out from those that have nothing, where I have to have case managers that actually support these people, and provide the love, care, wisdom, and judgment that they need just to negotiate each day of their lives—so we ask you strongly to look beyond the story underneath this adjustment and this regulation. We have a problem and we really look particularly to this committee for leadership.

Thank you.

Senator HEINZ [resuming chair]. Mr. Fagan, thank you very much. Your prepared statement will be inserted into the record at this time.

[The prepared statement of Mr. Fagan follows:]

PREPARED STATEMENT OF J. TIMOTHY FAGAN

Good morning, Mr. Chairman, I am Timothy Fagan, director of the Baltimore County Department of Aging. I am also a member of the board of directors of the national association of county aging programs, an affiliate of NACo. Baltimore County, as well as the State of Maryland, has been characterized as America in miniature. Its 610 square miles surround the city of Baltimore on three sides and form an elongated horseshoe which stretches northward to the Pennsylvania State line. Geographically, Baltimore County is the largest jurisdiction in the State representing a unique mix of urban, suburban, and rural interests. Demographically, we rank second in the State with a population of just over 655,000 residents, of whom slightly over 15 percent are age 60 and over.

These 103,000 elderly individuals are representative of the elderly across this country. Thus, the problems which they are experiencing are fairly typical of the problems experienced by most elderly Americans. They represent a little over 17 percent of all seniors in the State. Within this group, 21.7 percent live alone, 7 percent live in institutions, boarding homes, etc., 10 to 12 percent actually live with a relative other than their spouse, and approximately 25 percent are experiencing multiple impairments.

What we would like to do today is describe the circumstances of an average Baltimore County senior citizen. An individual who is not at the extremes of the socioeconomic spectrum, but represents for us the typical circumstances of about 25,000 of our elderly residents.

Mrs. Jones is a female, aged 71, and has been a widow for 5 years. She lives alone in her own home which she and her husband purchased some 25 years ago, and the mortgage has been paid off. She has three adult children, two of whom have moved out of the State. One child has remained behind but lives in another county about 45 miles away. She and her family are described as struggling on their own to make ends meet.

When Mr. Jones retired 7 years ago, they felt quite comfortable. The house was paid for, they were both receiving social security and a small pension, and a small nestegg was safely tucked away in the bank. Mrs. Jones' life was shattered when Mr. Jones died. His moderate hospitalization and the burial expenses wiped out the small nestegg they had accumulated. Her social security dropped, but in 1977, she felt she could still make ends meet. She still had a few friends left in the "old neighborhood," so "with a little help" in getting to the grocery store, she felt she could make it on her own.

Initially the hours alone seemed to pass like days—all she seemed able to do was remember the happy times with her husband. The future had no meaning, and the present was too depressing to think about. She always hated to eat alone, and now the thought of food became repugnant to her. Meals were skipped, and she had no desire to cook. She felt like she could eat what she wanted and when she wanted so her dietary habits changed radically. Donuts, toast, and coffee, became staples during this period in her life.

After a time, a friend noticed her depression and weight loss and encouraged her to became involved in the local senior center where congregate meals were being served.

Today Mrs. Jones' depression has long since passed and her weight is stable thanks in large measure to her regular attendance at the senior center. The weekends are difficult, however, and she still doesn't cook much.

Thanks in large measure to regular social security cost-of-living adjustments, her total income from all sources has risen to $4,200 annually. But for a long time now she has been worried about high prices. Her $350 a month just doesn't seem to go very far anymore. Last year she finally swallowed her pride and decided to make the rounds to see whether she was eligible for any help. The results of her quest went something like this:

—Medicaid said, "Absolutely no,"—income too high.

—Section 8 housing officer said, "We have no units available, and we have a long waiting list."

—SSI said, "You've got to be kidding—you have too much income, you're not poor."

—Fuel assistance said, "Yes, we can give you about $250 toward your winter energy costs. We know it won't be enough, but perhaps you can cut back a little."

—Food stamps also said, "Yes." Mrs. Jones was eligible for about $18 last month.

This year, however, because of the Reagan administration's delay in the cost-of-living adjustment to the food stamp program, Mrs. Jones has been dropped to the $10-per-month minimum. If the COLA is delayed until October (or if social security provides an increase), in all likelihood she will be dropped from the program in July. And if that doesn't do it, the administration's proposal to count fuel assistance as income surely will.

When Mrs. Jones finishes paying for her "fixed expenditures" for utilities, food, property taxes, standing credit obligations, insurance, and medical prescriptions, she has to stretch the remaining $50 or so for the "luxuries" in her life.

As a result, when she finally went to the eye clinic, she was not able to have the new lens prescription filled; she had not seen the dentist for 3 years; she had not purchased a major appliance in 6 years; and simply refused to call the plumber to fix her leaky bathtub—even though she knows that when she takes a bath the water runs down into her heating unit, causing rust. The heater still works, but it's only a matter of time! Such is the plight of Mrs. Jones and thousands like her, which can only be described as "economic time bombs." Fear for them is a daily companion.

The Reagan administration's 1983 proposals are insensitive to the tightrope which many of our elderly are forced to walk. Since they do not pay Federal income taxes, they do not benefit from Federal tax cuts. They do pay property taxes, however, so when State and local jurisdictions are forced to raise their taxes—be it ever so slightly—the elderly receive a double impact. Not only does the policy protection diminish, or the bus cost more, or the kids who no longer have sports programs at their schools begin to abuse them, but they have to pay for it all in high property and sales taxes.

Social security COLA's do not keep up with the real inflation that a senior citizen has to contend with; especially when the basics of food, housing, and health care often soar far ahead of the rest of the Consumer Price Index. Other social service program spending reductions impact the elderly in a variety of ways. Reductions in the Older Americans Act could result in closing down Mrs. Jones' senior center, thus eliminating access to a hot meal. Changes in programs, such as CETA, could result in elimination of visits by outreach workers.

In short, Mrs. Jones and the thousands like her have felt only a minimal impact of the administration's spending cuts right now, but they will. They could feel it in a couple of months if they should become the victim of a crime; they could feel it this winter when the energy assistance moneys are not there to help pay for fuel costs; they could feel it next July when their social security check will not contain the full increase inflation would dictate; or they will feel it at the point in their life when they need help the most—when sickness comes, when the furnace stops, when meeting ends just isn't possible anymore. The question is, where will the social safety net be?

Senator HEINZ. Mr. Greenstein, I happen to know you are a very experienced and thoughtful man in this area. You were the Director of the Food and Nutrition Service at the Department of Agriculture. There is much value in your testimony.

As I warned the other witnesses, we will get interrupted vote after vote, probably every 15 minutes. We will make your prepared statement a part of the record. It would be helpful if you could go through the high points of your testimony, particularly those points that have not yet been discussed.

STATEMENT OF ROBERT GREENSTEIN, WASHINGTON, D.C., DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES

Mr. GREENSTEIN. I have testified here many times in the past but as a native Pennsylvanian, this is the first time I have appeared before a committee that was chaired by a Pennsylvanian.

Senator HEINZ. I want to say I hope it stays that way.

Mr. GREENSTEIN. Mr. Chairman, before getting into a comment on the new cuts, I would just like to point out in the last year's food stamp cuts, whereas you know we cut $2 billion in food stamp benefits, one of the changes that was made was to cancel the January 1, 1982, cost-of-living adjustment. This is one of the only programs in which that happened. And as a result, food stamp benefits through September 1982 would be based on food prices in September 1980. This is already affecting the elderly and, as you probably also know, food stamps is one of the only programs for which there can be no criticism about the way in which it is indexed. It is indexed by food prices and not by CPI or mortgage interest rates.

Turning to the new proposals, you are aware of some of the figures that have been cited where the CBO has looked at these proposals and found that 92 percent of the elderly households would have the benefits terminate or reduced, 26 percent being totally terminated and one-quarter of all food stamps going to the elderly being eliminated.

I do not know if it came up in the earlier testimony, but the USDA has its own internal estimate where they show, looking just at the elderly, not with the disabled, just by themselves, 87 percent terminated or reduced, and 1.6 million elderly households losing some sort or all of their stamps.

As you noted earlier, the only group hit harder are the working poor.

Remarkably enough, 41 percent of all benefits going to the working poor would be wiped out.

To help make these figures less abstract, it is useful to examine what would happen to typical elderly households under the new food stamp proposals. We examined elderly households who receive SSI, plus social security, and the majority of elderly SSI recipients also receive some social security benefits.

The basic Federal payment level for an elderly individual on SSI and social security is now $285 a month, or about 79 percent of the poverty line. The basic Federal payment level for an elderly couple is $417 a month, which is 88 percent of the poverty line.

Under the new administration proposals, they would lose all of their food stamps. For the elderly couple at the basic SSI-social security standard of $417 a month, also below the poverty line, they would have food stamps cut 57 percent by one of the proposals, and they would probably lose all of their food stamps when you add the impact of the second proposal to count energy assistance as income.

Senator HEINZ. On that first example, how much would the amount of their food stamps be?

Mr. GREENSTEIN. It depends on what they are getting now. It could be as little as $10 a month, or more if they have higher shelter and medical costs. So it could vary anywhere from $10 up to $20 a month.

The Agriculture Department's own figures, Mr. Chairman, are that the average elderly household would lose $200 a year in benefits under the new cuts.

I would like to comment briefly on a few of the specific cuts.

One I just mentioned, to raise the benefit reduction rate from 30 to 35 percent; it sounds a little technical. What it means is that virtually all food stamp households would have food stamps cut by an amount equal to 5 percent of their disposable income, and that is where that elderly couple at $417 a month would lose 57 percent of their stamps.

The second proposal would eliminate the $10-minimum benefit for one- and two-person households which was put into the law basically to help the elderly and disabled in the first place, to assure that those poor enough to qualify for food stamps at least got $10. Eliminating that would eliminate several hundred thousand households, most of whom are elderly or disabled, and the single largest group are elderly women living alone.

The third proposal would count energy assistance as income. In the food stamp program, for every $10 a family gets or an elderly person gets in energy assistance, they would lose up to $5 in food stamps. Some households would lose all food stamps in the winter months when the energy payments are provided because when you add in the energy payment to SSI or social security and count all as income, they would be put over the food stamp income limit.

We have looked at the latest HHS data on the energy assistance program and found at least 40 percent, maybe more, of the recipients are elderly or disabled. They would be the single group hardest hit. Were it in effect today, the very time that elderly are getting high fuel bills from January, and going down to the energy assistance office to get help, which would only partially offset, they would have been having their food stamps cut at the same time.

The last proposal I would like to call your attention to, and I know this is of particular interest to you because it is more under the jurisdiction at the Banking, Housing, and Urban Affairs Committee than the Agriculture Committee, is a proposal to raise rents for all households receiving housing assistance if the households also receive food stamps.

Up until last year's Reconciliation Act, low-income households living in subsidized housing paid 25 percent of their incomes for rent. The Reconciliation Act raised the amount they must pay to 30 percent of their income, a change which will be phased in over several years. Now, the administration is proposing to raise rents further by requiring low-income households to pay 30 percent of the combined total of their income, plus their food stamps.

For all the looking we have done in the new budget, it is the single most regressive proposal anywhere in the new budget. The poorer a family is, the more food stamps it receives, and therefore the more its rent would go up.

The elderly would be very heavily impacted by this proposal. Data from a 1981 USDA report to the Congress shows that over one-third of all households who live in subsidized housing and who also receive food stamps are elderly-headed households; most of the remaining households who would be affected by this proposal are female-headed households with children. Over 300,000 low-income elderly households would have their rents raised under this proposal. Most of these are elderly women living alone.

Most who would be hit with rent increases also have very low incomes. The USDA study found that over half of these households have incomes below $3,000 a year, and more than 80 percent have incomes below $5,000 a year.

That proposal would have a remarkably dramatic impact.

The final point is that at the same time that an elderly individual or couple would have their food stamps cut, and would have to spend more of their own money on food, they would also have their rent raised if they lived in assisted housing, have their energy assistance cut because of the proposed $450 million cut in the energy-assistance program, and have to begin paying for a portion of their medical bills due to the proposed medicaid reductions. It is not clear how a low-income elderly household would find the resources to pay more simultaneously for food, rent, heating bills, and medical expenses.

Thank you.

[The prepared statement of Mr. Greenstein follows:]

PREPARED STATEMENT OF ROBERT GREENSTEIN

Mr. Chairman and members of the committee: I am pleased to have this opportunity to appear before you. I am Robert Greenstein, formerly the Administrator of the Food and Nutrition Service at the U.S. Department of Agriculture, and currently the director of the Center on Budget and Policy Priorities here in Washington, D.C. The center is a new nonprofit research and analysis organization that focuses on programs and fiscal policy issues affecting low-income and working Americans. It is supported by grants from foundations.

The new food stamp proposals contained in the administration's fiscal 1983 budget should be a source of deep concern. These proposals—which call for $2.3 billion in new food stamp reductions—are qualitatively different from most of the food stamp cuts enacted last year. Last year's cuts were substantial, but the new cuts are far harsher—especially in their impacts on the elderly, the disabled, the working poor, and those whose incomes are below the poverty line.

Earlier this month, the Congressional Budget Office completed a preliminary analysis of the impact of the new proposals. The CBO analysis found that under these proposals, the impacts would be severe:

—92 percent of all elderly and disabled households would have their benefits reduced or terminated.

—26 percent of all elderly and disabled households would lose all their stamps and leave the program.

—An additional 66 percent of the elderly and disabled would remain in the program but have their benefits reduced.

—Overall, 25 percent of all food stamp benefits now provided to the elderly and disabled would be eliminated.

USDA's own estimates are similar. USDA estimates that when the elderly are looked at by themselves (rather than in combination with the disabled), 87 percent would be adversely affected, with 28 percent losing all their food stamps, and an additional 59 percent having their benefits cut.

According to USDA, this means that 1.6 million elderly households would lose some or all of their stamps. Half a million would be dropped from the program altogether. An additional 1.1 million would receive fewer food stamps than at present. The average elderly household that has its benefits cut would lose about $200 a year in food stamps.

The elderly and disabled are not the only group hit this hard. The working poor would be impacted even more seriously; 94 percent of the working poor would lose some or all of their benefits and over 40 percent of all food stamp benefits now provided to the working poor would be wiped out.

Overall, about 85 percent of the entire food stamp caseload—about 6.35 million households with about 17 million persons—would be eliminated or have their food stamps cut. There can be little question that the food stamp cuts are some of the most severe cuts in the new administration budget.

ILLUSTRATIVE EXAMPLES OF IMPACTS OF THE NEW PROPOSALS

To help make the CBO and USDA estimates less abstract, it is useful to examine what would happen to typical elderly households under the new food stamp proposals. We examined elderly households who receive SSI plus social security (we used this combination, since the majority of elderly SSI recipients also receive some social security benefits). The basic Federal payment level for an elderly individual on SSI and social security is now $285 a month, or about 79 percent of the poverty line. The basic Federal payment level for an elderly couple is $417 a month, which is 88 percent of the poverty line.

Elderly individuals living alone on the $285 standard SSI/social security benefit level would lose all of their food stamps unless they qualify for a shelter or medical deduction (many of the elderly qualify for neither deduction).

Elderly couples receiving the $417 standard benefit level would have their stamps cut 57 percent just by one of the new food stamp proposals—the proposal to "raise the benefit reduction rate" from 30 to 35 percent. Their stamps would be cut from $336 to $144 a year solely by this one new provision.

If this couple also received a few hundred dollars in low-income energy assistance to help pay their fuel bills, they could be completely eliminated from the food stamp program by the additional proposal to cut food stamp benefits for all households receiving energy assistance.

THE COMPOSITION OF THE FOOD STAMP CASELOAD

If these figures seem rather staggering, there are good reasons for this. Today, students, strikers, those with expensive cars, and higher income families have all been removed from the food stamp program. Food stamp income limits have been lowered by Congress three times in the last 5 years, and the administration's own official budget documents recently sent to the Appropriations Committees note that as a result of these cuts, there are now nearly 8 million fewer persons eligible for stamps than there were in 1977. USDA's latest survey data shows that half of all food stamp households have gross incomes of less than $300 a month, and that the average food stamp household has gross income of $326 a month and cash assets of $66. About 90 percent of the food stamp households have incomes below the poverty line during the period they receive food stamps.

In addition, one-third of all food stamp households now include a member receiving social security or SSI, and nearly 80 percent of all food stamp recipients are elderly persons, disabled persons, children, or single parent heads of household with children.

The households left on food stamps now are those who meet all the criteria President Reagan set only 1 year ago to qualify as "truly needy." As a result, the administration's proposals for deep additional cuts end up hitting hard at the elderly, the disabled, the working poor, and other low-income families who are below the poverty line. Food stamp households currently receive average food stamp benefits of 43 cents per person per meal, a level which does not allow much room for further cutting without causing serious hardship.

THE SPECIFICS OF THE NEW FOOD STAMP PROPOSALS

1. Raising the "Benefit Reduction Rate" to 35 Percent

Of all the new proposals, the one that would cause the largest level of benefit reductions is the proposal to raise the food stamp "benefit reduction rate" from 30 to 35 percent. This single proposal cuts benefits by $978 million a year. Most households would lose some portion of their benefits.

Under current law, food stamp households are expected to use 30 percent of their disposable income on food. The difference between the cost of the thrifty food plan (the USDA's minimum diet plan), and 30 percent of the household's income after deductions, is provided in food stamps.

Under the new administration proposal, households would be expected to spend 35 percent of their disposable income on food. Food stamps would now equal the difference between the cost of the thrifty food plan and 35 percent (rather than 30 percent) of the household's income after deductions. In other words, households would have their food stamp benefits cut by an amount equal to 5 percent of their disposable incomes.

This would result in a rather major across-the-board benefit cut. Most households would have their benefits reduced, and in some cases the proportion of benefits lost would be extremely large. This would be especially true for the elderly. As noted earlier, elderly couples living on the basic social security/SSI benefit level of $417 a month would lose 57 percent of their food stamps even though they are below the poverty line.

2. *Eliminating the $10-Minimum Benefit for One- and Two-Person Households*

Currently, one- and two-person households who meet the food stamp eligibility tests receive at least $10 a month in food stamps. This provision primarily benefits elderly and disabled persons, and was designed to assure that elderly and disabled households who are poor enough to qualify for stamps receive at least a $10 monthly benefit.

The administration is proposing to repeal this provision and thereby to reduce benefits an additional $138 million a year. Under its new proposal, virtually all households who now receive the minimum benefit would lose all their stamps and be terminated from the program. Most of those who would be dropped would be elderly or disabled households, many of them with incomes below the poverty line. The majority of those terminated by this proposal are elderly women living alone.

Several hundred thousand additional households would have their benefits reduced to less than $10 a month by the combined impact of the increase in the benefit reduction rate and the repeal of the minimum benefit provision. Most of these households, too, are elderly or disabled, and many of them are likely to drop out of the food stamp program when their benefits are reduced to only a few dollars each month.

3. *Reducing Food Stamp Benefits If a Family Receives Energy Assistance Payments*

The administration is proposing to count low-income energy assistance payments as though they were regular income. The result is that food stamp benefits would be cut up to $5 for every $10 a family receives in low-income energy assistance. This would work particular hardships on households in the northern part of the country.

Some households would even be made ineligible for food stamp benefits in the winter months when the energy payments are provided—because when the energy payments are added to their regular income (which the administration proposal requires), they would be lifted over the food stamp income limits.

This proposal would have a particularly sharp impact on elderly and disabled persons. The latest HHS data on the energy assistance program suggests that at least 40 percent of the recipients of low-income energy assistance are elderly or disabled. Many of those losing all their stamps because of this provision would be elderly households.

The administration defends this proposal by arguing that energy assistance payments are discretionary payments that are available for food, and that food stamp benefits should therefore be cut if a family gets energy payments. This contention does not stand up under careful scrutiny, however. The energy assistance program was initiated in 1978 to help low-income families offset the steep increases in energy bills resulting from the deregulation of oil prices and from OPEC price increases. Energy Department data show that from 1977 to 1980 alone, energy costs incurred by low-income households increased by $6 billion a year. The energy assistance program, funded at about $1.75 billion a year, offsets less than a third of the price increases. It does not provide additional money to buy more food. Moreover, in a large number of States, the energy payments are sent directly to utility companies to apply against a family's bills, and the family never so much as handles the money.

The experience of this winter, with its cold weather and high heating bills, should bear testimony to the hardship that would follow if this proposal were enacted. Were this proposal law today, poor families and elderly persons who are already having difficulty paying January's fuel bills would also be having their stamps cut at the same time.

This proposal would—in a very real sense—place some of the elderly in the dilemma of having to choose between eating adequately or adequately heating their apartments.

4. *Raising Rents for Households Receiving Housing Assistance if the Households Also Receive Food Stamps*

Another administration proposal that would have a major impact on the elderly is the proposal to increase rents for all families and individuals who live in subsidized housing and who also receive food stamps.

Up until last year's Reconciliation Act, low-income households living in subsidized housing paid 25 percent of their incomes for rent. The Reconciliation Act raised the amount they must pay to 30 percent of their income, a change which will be phased over several years. Now the administration is proposing to raise rents much further by requiring low-income households to pay 30 percent of the combined total of their income plus their food stamps.

This particular proposal may well be the most regressive proposal in the entire 1983 budget. The poorer a family is, the more food stamps it receives—and therefore the more its rent would go up.

The elderly would be very heavily impacted by this proposal. Data from a 1981 USDA report to the Congress shows that over one-third of all households who live in subsidized housing and who also receive food stamps are elderly headed households (most of the remaining households who would be affected by this proposal are female headed households with children). Over 300,000 low-income elderly households would have their rents raised under this proposal. Most of these are elderly women living alone.

Most who would be hit with rent increases also have very low incomes. The USDA study found that over half of these households have incomes below $3,000 a year, and more than 80 percent have incomes below $5,000 a year.

This proposal results in a reduction in the HUD budget rather than in USDA's food stamp budget, and therefore is primarily under the jurisdiction of the Committee on Banking, Housing, and Urban Affairs. It will also require some change in the Food Stamp Act, however.

THE CUMULATIVE IMPACT OF THE CUTS

The proposals to count energy payments against food stamps and to count food stamps against housing assistance, highlight one of the major concerns with the new administration proposals—the fact that the same low-income families would be hit simultaneously with cuts in a number of programs.

At the same time that an elderly individual or couple would have their food stamps cut—and would have to spend more of their own money on food—they would also have their rent raised if they lived in assisted housing, have their energy assistance cut because of the proposed $450 million cut in the energy assistance program, and have to begin paying for a portion of their medical bills due to the proposed medicaid reductions. It is not clear how a low-income elderly household would find the resources to pay more simultaneously for food, rent, heating bills, and medical expenses.

Nor would the tax cuts or any future increase in the number of jobs be of as much help to those low-income elderly persons. Most do not pay income taxes. Most also are no longer in the work force. In short, even if the President's economic recovery plan works, this will not do much to offset the very real losses in income and services and the rather significant reductions in living standards that those elderly who are already living in poverty would have to endure.

The only thing that can be said is that the low-income elderly would not be alone in this predicament. The cumulative impact of the new administration proposals to make deep reductions in programs targeted at low-income individuals and families is even more severe on low-income female-headed households with children and on the working poor.

Senator HEINZ. Mr. Greenstein, thank you very much. That is excellent testimony. I particularly appreciate your emphasizing the impact of counting food stamps in the determination of assisted housing rents. That point is extraordinarily well taken. The fact that the proposal would really affect the poorest of the poor is something that the Senate and the House should be more than a little aware of.

Mr. **Greenstein**. Could I have one brief point on that?

I know it is not on the elderly, but when you go to the South where welfare payments are very low, this proposal will have an extraordinary impact. A welfare mother in, for example, Mississippi, would have to pay her entire welfare check to meet the rent and there will be nothing left for food. They will have no cash for food and they will then be forced to black market the food stamps. You will have an increase in illegal activities.

Senator **Heinz**. So this is a proposal to increase fraud and abuse in the food stamp program?

Mr. **Greenstein**. Absolutely.

From my experience as administrator of that program, there is no mistake in my mind that it will increase the fraud.

Senator **Heinz**. That is an excellent point and I will ask the administration to respond to that, because I think they owe us an explanation.

Let me give everybody what I think is very bad news. We have just been informed that all Senators are asked to remain on the floor after this vote. What I am going to have to do, and I do not think I have done this more than once in my 10-year congressional career, but in fairness to you and the other witnesses, I must do so, is to ask John Rother, who is the staff director of the committee, to conduct the discussion. After that, he may also have to receive testimony from the remaining witnesses. I hate to do it that way but, obviously, we have no choice.

I apologize to you all. I apologize to Mr. Janis and Mr. Williams, who are from Philadelphia, but this is an unfortunate necessity.

Mr. **Janis**. Senator, I was going to say, much as I hated to interrupt you, and much as I would love to be a resident of the City of Brotherly Love, I am a resident of Senator Glenn's State.

Senator **Heinz**. We have such a high regard for you.

Thank you all very much.

I will turn the rest of the hearing over to John Rother.

Mr. **Rother** [presiding]. Good afternoon.

We do have questions that the chairman was prepared to ask, and I would like to ask them for the record.

First, Mr. Greenstein, the President's fiscal year 1983 proposal would count food stamps as income in determining assisted rent amounts. Can you comment on what this proposal would do?

Mr. **Greenstein**. I think, as I just mentioned, it would have a substantial impact, because rents are already being raised 20 percent by the change in last year's Reconciliation Act to go from 25 to 30 percent of income. Rents would be raised further dealing with how utility costs interact, requiring people to pay more of their utilities, and to increase rents as part of the food stamp program would mean substantial increases in rent for poor families. The poorer they are, the more the rent goes up.

Mr. **Rother**. The Federal Government currently sponsors several pilot projects cashing out food stamp benefits for SSI recipients and the elderly. Have any of you had any experience with these projects? Can you comment on the possible input of cashing out benefits?

Mr. **Fagan**. No, I have not had any direct experience with that.

Mr. **Greenstein**. The pilot projects were set up while I was administrator of the Food and Nutrition Service. However, the results were not yet in at the time the administration changed and I left. From what

I have heard, I believe that the increase in participation among the elderly, which is what the pilot project was designed to produce, I believe, although I should check, is less than has been anticipated, and in those areas undertaken in the pilot projects, there was not an upsurge in elderly participation because people could get cash rather than stamps.

There are two aspects to this.

On the one hand, it is true that some elderly would feel a stigma attached to using food stamps, and cash could alleviate that. On the other hand, they still did have to go to the food stamp office to apply.

One of the things that strikes me is in public hearings we conducted, when I was at the Agriculture Department, some of the elderly people that came and testified said that they did not want food stamps cashed out because their fear was once the landlord knew they had higher cash, the landlord would take advantage of that and raise the rent. It surprised me, but it struck me by the fears that they would be hit harder for more rent. They liked having them in stamps where nobody else could get at them.

Mr. ROTHER. Another question. Can you suggest alternative proposals for reducing the cost of the food stamp program that would have a less devastating impact on the poor and on the elderly poor? One frequent suggestion here in the Senate is reinstatement of the purchase requirement. Can you comment on that or any other proposal you think might be fairer to elderly people?

Mr. FAGAN. Your question is—relates to reducing the commitment of funds.

How would you reduce the commitment of funds to this program?

Well, I made the point before, and I think it has been very completely stated earlier in testimony, that we are dealing with people right now, with the exception perhaps of the folks in section 8 assisted housing and, of course—apparently there are legislation proposals that would affect the individual receiving support.

We are dealing with people now that do not have anything to begin with. We are dealing with people who are trying to survive. I can tell you this from documented fact, that 80 percent of the folks in our county, the elderly folks who are on food stamps, are in a case management mode. That means they cannot handle things for themselves. I cannot make a recommendation. I see no way.

You need a computer to figure these things out. I have to have a staff of 14 people in the room to tell you how to do that.

This gentleman is amazing, how he can do it. But obviously, it is very complex.

Mr. ROTHER. Ms. Grant, would you like to comment?

Ms. GRANT. The only thing I can say is, we are dealing with frail and elderly that, as Mr. Fagan said, really cannot help themselves, and anything that we do that will make it more difficult for them is unbelievable to me. I have given you examples from a rural county. You have had very excellent testimony from a very populous place that has as many in need as in our entire county.

To me this is a prime example of the need. And any cuts in this direction are inhumane.

Mr. ROTHER. Mr. Greenstein, can you comment particularly on the proposal to reinstate the purchase requirement?

Mr. **Greenstein**. Yes; a few things would be more damaging than restoring the food-stamp-purchase requirement. When we had a food stamp purchase requirement, we had extraordinarily low participation rates by the elderly. The elimination of the purchase requirement was the greatest step that we took in this direction than we probably took in the past decade.

The official studies on this found that the elderly participation increased 42 percent following the elimination of the purchase requirement, or nearly twice as great for the nonelderly population. So that would be certainly the last thing to do in relation to the elderly.

In regard to other ways to cut food stamps in general, I would say we did cut last year about $2.3 billion in food stamps. I know, I worked with people like Senator Dole, and people in the House Budget Committee, in helping to sort through various options for those cuts. Having cut that much last year, we really used up most of what we can use up, and it is very difficult to find where further cuts could come from in this program.

The average food stamp benefit today is only 43 cents per person per meal. We have cut the income limit three times in the last 5 years, and we eliminated students and strikers. So by and large, low-income households with elderly people in there are all we have left.

One final point.

We just completed an analysis where we divided the entitlement programs into those that are targeted into food stamps and those not needs-tested, where most beneficiaries are middle income. Non-needs-tested entitlement, while about three-fourths of the money, they are proposing be the target of 1½-percent cuts in the new Reagan administration. Needs-tested programs, if you include housing, it is over a 40-percent cut. If you do not include housing, there is an 18-percent cut and those are the same programs hit most heavily last year. So my sense would be we need to look in other areas.

We took a lot out last year. We eliminated people who can be cut and the people who are left are precisely the people that meet Ronald Reagan's definition of truly needy as he defined it 1 year ago, and we cannot cut it further.

Mr. **Rother**. Thank you very much. You have been very helpful. I do apologize that the chairman was unable to hear the answers to your questions, but I will make sure he sees the record.

Senator Glenn, I turn the hearing over to you.

Senator **Glenn** [presiding]. Thank you. I have a prepared statement which I will put into the record at this point.

[The prepared statement of Senator Glenn follows:]

PREPARED STATEMENT OF SENATOR JOHN GLENN

Mr. Chairman, there are many important questions to be discussed about the impact of President Reagan's fiscal year 1983 budget proposals on the elderly. The cutbacks proposed for health and social services—particularly on top of the deep cuts already made last year—would be devastating for many people.

I look forward to today's hearing on the food stamp program and the Older Americans Act congregate and home delivered meals programs, which are important in providing adequate food for many older Americans; and, in some cases, in providing the necessary assistance to keep older people out of nursing homes. I also look forward to future congressional hearings on the impact of proposed cutbacks in health care, housing, senior employment, and other programs which greatly affect the lives of the elderly.

Since the 1977 amendments to the food stamp program, more people, including many low-income elderly, have been able to participate in the program due to elimination of the purchase requirement. Increased participation by the most needy, high unemployment, and the inflation in food prices have required increased funding for the food stamp program. These conditions have not changed. The President's fiscal year 1983 budget reduces funding by $2.3 billion, and I am concerned that such proposals, if enacted, would hurt the truly needy and force many elderly people to make a choice between food and other basic necessities such as heat or health care.

The senior nutrition program, both congregate and home delivered meals, is an important part of a system of community services which is improving the quality of life for senior citizens throughout our Nation and is helping to avoid the unnecessary institutionalization of some elderly persons. Last year, Congress reauthorized the Older Americans Act for 3 years and provided increased funding levels.

President Reagan's fiscal year 1983 budget request of $652.3 million for the Older Americans Act is a decrease of $77.5 million from the 1982 level. The largest decreases are in title III–C nutrition programs—a 10-percent ($28.6 million) decrease in congregate meals and a 16-percent ($9.2 million) decrease in home delivered meals. I am concerned about the effect of these proposals on current participants in the nutrition programs, and I would like a further explanation from the administration of its assumption that non-Federal support for nutrition services will increase.

As we, on the Senate Aging Committee, are well aware, inflation is one of the biggest problems facing older Americans, many of whom are living on minimum, fixed incomes. A solution to our economic problems, including a reduction in the Federal deficit, is important to the elderly as it is to all Americans. However, I am opposed to abrupt, drastic reductions in programs which benefit older Americans who do not have the same flexibility of adapting to our current economic situation as some of us in our more productive years. To me, these programs are most sacred from further budget cuts.

Senator GLENN. We will now hear from our final panel. This panel is on the nutrition programs and we have with us Martin Janis, who is executive director of the Ohio Commission on Aging, and Rodney Williams, executive director of the Philadelphia Corp. on Aging.

We are glad to welcome you both this morning. I hate to start off with an apology but this is the most truncated hearing because of a late session last night and many votes. We are now on a live quorum and I have to leave shortly.

I wanted to be here when Mr. Janis was here, and I want to ask a few questions before you make your statement, because some of these things are impacting very much on our State.

Ohio is probably going to be as hard hit or have as many changes as any State in the Union because we are a microcosm of the country. We have all the old industrial base, much unemployment in Ohio, a lot of real hardship going on, 12½-percent unemployment, second highest State in the country in that regard.

I wanted to be here just a moment to talk to Mr. Janis in particular because he has been a pleasure to work with during the time I have been in the Senate. I have appreciated his help on the workshops I have had, both in Ohio and here in Washington, on all the programs affecting the elderly, and I value his advice. He is a real advocate and very knowledgeable about what is being done and what is needed. He is in a particularly good spot to assess what is being proposed from the Federal level and how we can cope with it at the State level.

Mr. Janis, the major purpose of the home delivered meals program is to provide assistance which will avoid the need for further nursing home care. If we go ahead with this 15-percent reduction in funding for home delivered meals, can you make that up somewhere, or is that going to be lost to people that need it?

STATEMENT OF MARTIN JANIS, COLUMBUS, OHIO, DIRECTOR, OHIO COMMISSION ON AGING

Mr. JANIS. Well, Senator, first of all, may I express my appreciation to you for your courtesy in leaving the Senate floor in order to be here. Thank you very much.

Of course, the reduction, and I—incidentally, one of the things I have learned is—I have testified over the last years before four committees and have always been in the last panel. By that time, most of the members disappear, and I think I am going to ask that next time I be in one of the first panels rather than the last one. That is why I appreciate your courtesy.

Senator GLENN. I will attempt to get into the staff scheduling process.

Mr. JANIS. In no way do I mean to cast any reflection on staff.

In our particular instance, by reason of the conditions to which you make reference, we find the numbers of those who should have home delivered meals increasing. Incidentally, in earlier testimony, there was a reference made to the effect that good management will reduce the numbers that are on the rolls at the present time.

Well, I feel that in the wisdom of the Congress, when it established the aging network, that that network in the last few years has developed an experience and sophistication whereby now they are able to direct their attention to one of the things that the Congress is particularly interested in, and that is to be sure that we develop our plans so that we reach out and touch the lives of those who are economically and socially disadvantaged. That is where the greatest effort is directed insofar as the home delivery programs is concerned.

I was interested in our statistics that for fiscal year 1981, where we served an average of 6,000 home delivered meals daily, 85 percent of those served fall in that category, economically and socially disadvantaged. Economically disadvantaged meaning they are at the poverty level of income.

Incidentally, Senator, for the record, in addition to the testimony that is written that I have submitted, I have also presented to one of the members of the staff, to be given to the individual members of the committee, some individual cases of which many older people are living; and I am submitting narratives and photographs depicting those conditions.[1] When you then consider that there are going to be—or at least the administration has suggested—cuts to the program, you really wonder as to what the effect is going to be on those individuals, because those cuts would mean we would have to reduce the number of delivered meals that we are presently serving and providing.

Senator GLENN. The prepared statement of Mr. Janis will be inserted into the record at this point.

[The prepared statement of Mr. Janis follows:]

PREPARED STATEMENT OF MARTIN A. JANIS

Mr. Chairman and members of the committee: I am Martin A. Janis, director of the Ohio Commission on Aging. It is a pleasure to present testimony to this committee relative to the proposed reductions in the nutrition program of the Older Americans Act. However, I have also added additional comment with respect to other matters related thereto. My testimony will specifically document how nutrition funding cuts in fiscal year 1983 will adversely affect the lives of many older Ohioans, and the tragedy of the many other proposed changes.

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[1] Retained in committee files.

EFFECT OF FISCAL YEAR 1983 CUTS ON THE NUTRITION PROGRAM IN OHIO

As of January 1, 1982, 1,712,998 persons (60+) were eligible for the nutrition program under the Older Americans Act. Our records indicate that of that number, 1,199,112 are persons 65+.

My purpose in citing these figures is to show the number of persons eligible to participate in the nutrition program. Yet for fiscal year 1981 a total of 95,607 received meals under the title III-C-1 and C-2 program funded under the Older Americans Act as well as those funded by other resources. In other words, in Ohio the percentage participating whether of the 60+ group or the 65+ group is minimal.

On the basis of these figures, the nutrition program should not be cut but instead every effort directed toward reaching out and including more eligible older persons.

Title III-C-1 (Congregate Meals)

For fiscal year 1981, we served 4,770,912 meals under title III-C-1 funding, and 149,910 meals from other funding, to 79,883 older persons. We served approximately 19,297 meals daily, based on a 255-day serving year, at 438 meal sites throughout the State. The 9.98 percent fiscal year 1983 cut would mean a reduction of approximately 488,048 meals annually, or 1,914 meals daily. This would have a devastating effect on a minimum of 1,914 persons who are now participating in the program.

According to our records, of the 79,883 persons who participated in the nutrition program, 54,097, or 67⅔ percent, represented older persons with the greatest economic and social needs.

Recently, in a study conducted in Cleveland, under the direction of our area agency on aging and the Cleveland State University gerontological studies program, it was found that 89 percent of those persons participating in the congregate nutrition program had annual incomes of $5,000 per year or less.

Based on letters received and information from the individual area agencies on aging, it is a recognized fact that persons derive great benefit from the fellowship and the friends they make while attending a nutrition site.

Title III-C-2 (Home Delivered Meals)

Title III-C-2 (home delivered meals) was considered so vital to the well-being of older persons that the Congress, through the Comprehensive Older Americans Act Amendments of 1978, established funding as a separate line item.

For fiscal year 1981, we served 1,291,152 home delivered meals under title III-C-2 funding, and 238,929 home delivered meals from other resources, to 15,724 older persons. This represented approximately 6,000 meals per day. The 16.08 percent funding cut, adjusted for the 4 percent increase in the fiscal year 1982 continuing resolution as against fiscal year 1981, would mean a net 12 percent reduction. This would result in an approximate meal reduction of 138,519 for fiscal year 1983, or 543 meals daily.

This reduction would be particularly devastating because those being served home delivered meals must be persons who are suffering from health impairments that prevent them from participating in a congregate meal site, or in preparing a nutritious meal at home. In the study referred to above that was conducted in Cleveland, 94 percent indicated their incomes as under $5,000 per year. The results learned from the Cleveland study are paralleled by the overall State program in that those in greatest social and economic need are the ones being served, for approximately 85 percent fall into that category.

In summary, approximately 95,607 older persons have benefited from the title III-C-1 and C-2 and other source funding. As I had stated previously, as of January 1, 1982, approximately 1,712,998 persons 60+ are eligible in Ohio for programs under the Older Americans Act. Of that total number, 1,199,112 are persons 65+.

According to the most recent income estimates made by our research section, 30 percent of those older persons 65 and older have an income of $6,000 a year or less; 40 percent have an income between $6,001 and $10,000; and 30 percent have an income over $10,001.

Thirty percent of those persons with incomes under $6,000 indicates that there are approximately 360,000 persons in Ohio in that category. Based on the most recent available data, 30.7 percent of those persons 65-plus live alone. Accordingly, this would suggest that the approximate 360,000 persons with incomes under $6,000 a year represent 235,260 households. Therefore, that many households have an income that according to U.S. Department of Census figures places them at poverty levels.

Thus, 95,607 individuals being served represents only 40 percent of those who should be participants by reason of their low income. Economically disadvantaged usually also means socially disadvantaged. Any head of a household just barely making ends meet, and especially an older person dependent primarily on social security income and therefore worried under present conditions about the future, tends to withdraw from activity and participation. Every effort should be made to expand the nutrition program so that it at least meets the needs of those in the low-income category. Rather than reductions, we should have increases. Dollars invested in this program represent an investment in preventive measures. Preventive measures contribute to the extension of an active life for older persons and reduce the possibility of earlier health care costs.

TITLE V: EMPLOYMENT

The proposal to eliminate title V funding for fiscal year 1983 by substituting a nationally administered employment program aimed at special target groups has caused considerable concern to us in Ohio.

The Ohio Commission on Aging, as a grantee under the present program, has been allocated funds that provide employment for 662 persons. These employees serve both the older person community and the general public with services that vary from health and home care, nutrition programs, transportation, outreach and referral, education, and a variety of other roles.

An analysis of the 662 title V employees, as of January 31, 1982, indicates that 79 percent were women and 21 percent men. The average yearly nontitle V incomes—$3,208.

Based on our experience with this program, we hope that whatever is intended as a substitution does not interrupt the program as it now exists, since there is an increasing need for part-time employment opportunities among older persons. The results have been phenomenal as to its value to those employed as well as to the communities. The record would show that more money should be directed toward its expansion.

TITLE III–B (SUPPORT SERVICES AND SENIOR CENTERS)

I have not included any data as to the effect of the proposed reduction in title III–B for fiscal year 1983 from $252 million in fiscal year 1981 to $216 million in fiscal year 1983, or approximately 10 percent. However, in Ohio, such a percentage reduction would eliminate hundreds of persons from receiving vital services (transportation, outreach, homemaker/home health aide, legal, chore).

GENERAL

The data presented in this testimony emphasizes the catastrophic effect that would occur in Ohio if the proposed reductions under the Older Americans Act, especially in the nutrition programs, are put into effect.

I recognize that cuts are being made in all social service categories. However, it must be recognized that funding of the Older Americans Act has never reached adequate levels. Primarily, this is because the needs of older Americans didn't surface until recent years. Even as recently as 1965, when the Older Americans Act was enacted, no one foresaw the phenomenal growth of the 65 and over age segment in our society. As you know, demographers project that whereas this segment of population represents 11.1 percent of the total now, it is to reach from 13 to 15 percent of the total population by the year 2000, and from 18 to 20 percent by the year 2030.

In Ohio, the 1965 population of those 65 years of age and older was 741,465; in 1980 (census data), it had risen to 1,169,460; and as of January 1, 1982, it is estimated at 1,199,112.

In addition, the inflation rate under which we have been living has eroded the buying power of those on pensions and savings. The calamitous effect that inflation has had on living standards for older Ohioans can be seen from the Cleveland study which found that: Social Security and/or SSI is the major source of income for 92 percent homebound and nutrition site service consumers in the city of Cleveland. Less than 10 percent in both groups had an annual income of more than $5,000. About two-thirds of the homebound and 55 percent of the site users had an annual income of less than $3,500.

Usually hearings of this nature are interested in receiving testimony of persons directly affected by the programs. However, it is not practical to personally bring such individuals to this hearing.

Therefore, I am attaching pictures and narratives that highlight the current status of 11 older Ohioans that emphasizes the importance of the Older Americans Act and the need for its expansion.[1] In Ohio, as I'm sure would be true in other States, we could present similar testimony from thousands of individuals in like circumstances.

PRIVATE SECTOR

The administration has been stressing, most recently through the 1981 White House Conference on Aging, a greater involvement by the private sector. I am sure that in other States, as in Ohio, much has been done in this regard.

In Ohio, at the State and area agency levels, a concerted effort has been directed toward the development of local public and private sector resources. For example, for the calendar year 1981, Federal funding for older Ohioan projects totaled $37 million, or about 49 percent of the total expended. $38.5 million, or 51 percent was generated by the State and local private and public sources. This latter figure does not include the approximate $90 million of State funds expended on real estate tax credits and State energy credits for that same year (Ohio's energy credit program is separate and distinct from the home energy assistance program (HEAP) that is sponsored by the Federal Government).

In addition, Ohio is still unique with its Golden Buckeye card program (a statewide discount program). As of January 31, 1982, Golden Buckeye cards have been issued to 1,099,877 Ohioans 65+. The card is honored by 31,433 merchants and providers of services who offer discounts ranging from 2 to 20 percent. It is estimated that such discounts from the private sector result in annual savings to Golden Buckeye cardholders in excess of $70 million.

In the above testimony, I have emphasized the devastating effect that would occur if the proposed cuts were implemented in fiscal year 1983. Our program assessments indicate that Ohio is meeting the most urgent basic support needs of many older persons as established by the Congress. However, the lack of funding precludes our being able to reach out to all who are economically and socially in need, as well as to others who could benefit from such program services.

My testimony refers to percentages and to figures that tend to mask the fact that each reference is to individuals who are striving to maintain their dignity and independence in the midst of shrinking personal financial resources.

Therefore, I join you in the great challenge that faces us in the 1980's to help create a higher quality of life for every older American.

Senator GLENN. Mr. Williams, in your experience, are you going to be able to make up this reduction of 16 percent by some other means?

STATEMENT OF RODNEY D. WILLIAMS, PHILADELPHIA, PA., EXECUTIVE DIRECTOR, PHILADELPHIA CORPORATION FOR AGING

Mr. WILLIAMS. Not at all, sir. We serve about 3,600 meals per day in Philadelphia. That includes congregate and home delivered. It is about 1,000 home delivered meals. We pride ourselves in the program in having exercised all types of management efficiencies and economies prior to being told to do so by the administration.

Let me give you a brief example.

One of the things we always encouraged is that we take into account first whatever family or community resources might be available to that individual before we used Government funded home delivered meals programs. So, therefore, it is possible for homebound persons to receive two or three meals per week from families, friends, churches.

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[1] Retained in committee files.

We build that into the program and will make up the difference. That certainly stretches the amount of home delivered meals we can offer.

We have done that for years and it is impossible for us to absorb any kind of loss without turning away people who immediately need the program.

As we sit here, there are 550 people in the waiting list in Philadelphia for home delivered meals.

Mr. JANIS. To emphasize that point, Senator, when I made reference to the fact that we serve approximately 6,000 home delivered meals daily, in this last fiscal year, that reached out to 15,724 persons. In other words, bringing the point out that Mr. Williams made, and that is that not everyone receives a meal daily.

We want to make sure, and our staffs do make sure, that there is some support system other than the meals program that we provide and so that is why we are able to reach out and touch that many.

Senator GLENN. Before I ask any questions, Mr. Williams' statement will be entered into the record.

[The prepared statement of Mr. Williams follows:]

PREPARED STATEMENT OF RODNEY D. WILLIAMS

Senator Heinz and distinguished members of the committee, it is a privilege to have the opportunity to present testimony to the Special Committee on Aging on the potential impact of the administration's proposals to decrease Federal support for nutrition programs serving the elderly. My name is Rodney D. Williams, I am the executive director of the Philadelphia Corp. for Aging.

As the area agency on aging serving Philadelphia County as authorized by the Older Americans Act, we offer our comments as advocates for the more than 330,000 persons over age 60 in Philadelphia.

With an overall budget of approximately $14 million from Federal, State, and local sources, PCA serves approximately 36,000 older people—most of them low-income elderly. Of these 36,000, approximately 3,600 or 10 percent—receive meals in a single day. Meals are an integral part of a supportive mix of programs offered to the elderly. Hunger is never a simple fact for a poor, ill, or isolated older person. A combination of social and environmental factors contribute to hunger and a combination of remedies needs to be applied.

Nutrition programs at PCA include both congregate meals and home delivered meals. Congregate meals offer the opportunity to eat in a group and thereby improve the health of the elderly with one nutritious meal a day while increasing emotional well-being and combating isolation through social interaction. Participants in congregate meals at senior centers can gain the additional benefits of senior center programs, counseling, and other activities. Congregate meals are offered in all 32 of PCA's senior centers and in 20 other social service agencies, such as mental health centers and day care programs.

Home delivered meals are provided for the homebound or frail elderly—those who are either unable to leave home to purchase their own food or are unable to cook for themselves.

PCA provides meals to 3,600 people per day for a total of 900,000 meals per year.

The President's proposed budget for fiscal year 1983 would cut back funding for Older Americans Act programs by $68.4 million from the fiscal year 1982 level. Combined with reductions in fiscal year 1982, this represents $105 million from the fiscal year 1981 level, not including proposed reductions in the commodities program. Funds for congregate meals under title III would drop from $286.7 to $258.1 million, a loss of $28.6 million. Home delivered meals, title III–C–2, would decrease from $57.4 to $48.1 million, a loss of $9.3 million.

In meals, according to the Agency Services News, these cuts represent a decrease nationally of 69,300 meals per day, from 677,163 meals daily in 1982, to 607,845 meals daily in 1983. Congregate meals would decline by almost 51,000 and home delivered meals by about 19,000.

Translating the dollar cuts in the Older Americans Act and title XX of the Social Security Act to PCA using the formulas of fiscal year 1982, PCA will lose approximately $1.05 million in fiscal year 1983. This represents an 11.3 percent cut in Federal funds. This cut in Federal dollars is in addition to the $1.07 million loss in fiscal year 1982.

Nutrition dollars lost to PCA from the cuts in the Older Americans Act alone are $254,884 from title III–C–1 for congregate meals and $93,372 from title III–C–2 for home delivered meals. This represents an 8.6-percent decrease in congregate meals funds and a 15.6-percent decrease in funds for home delivered meals. Over 15 percent will be cut from funds for meals for the homebound and frail elderly—the most needy population served.

The actual impact of these cuts on the number of meals provided by PCA could vary depending on how services are organized and how costs are distributed. Because the meals are totally integrated into the senior center program, it is not possible to isolate the effect of the cuts on titles III–C–1 and C–2 from the cuts in title III–B which funds social services and from cuts in the social services block grant, formerly title XX. Title III–B and social service dollars support the places which provide the meals and the supporting services. Further cuts in these funds will result in distributing more costs into the meals fund, increasing the cost per meal, and further decreasing the number of meals. Another possibility would be the closing of some senior centers or meal sites.

If we assume that the other program components remain essentially the same and absorb the cuts in title C moneys in meals alone. PCA could lose up to 200 home delivered meals per day and 613 congregate meals per day. These figures do not account for the proposed cashing out and capping of USDA funds which I will discuss shortly. With the additional cuts there, PCA could lose an additional 106 meals. These cuts—in title C and USDA funds alone could result in a decrease of 919 meals per day in Philadelphia alone.

In actuality, because PCA would choose to absorb the cuts in other areas and lessen the impact on meals, the loss in meals would be less than 900, probably closer to 600, meals a day. That, however, is not a small number—600 meals a day is 150,000 meals less per year than we are currently serving. The people who would give up these meals are already among the poorest and most defenseless and are already experiencing other cuts in other areas.

Although we are prepared to close centers or discontinue other services rather than terminate meals, we do not feel that these other services are less important. I have emphasized that hunger is only one of a complex of problems affecting many of PCA's clients. To remove a homemaker from someone who needs home care so that person can get a meal will not solve her problem if she must enter an institution for want of a homemaker.

The administration has proposed, for the second year in a row, the cashing out of the USDA commodity supplement program that helps support nutritional services to the elderly. As you may know, the program currently provides supplements to providers of congregate meals and home delivered meals at a rate of 51.5 cents per meal. Further, this support is currently available in cash or commodities, which enables local entities to maximize the benefits of the USDA program by allowing them to tailor the USDA assistance to best meet their needs.

Under the administration's proposal, as we understand it, USDA support would be frozen at current levels and allocated according to current patterns of distribution. In future years, it would be reviewed or eliminated, raised or lowered, through the regular appropriation process. Support would no longer be tied to the number of meals served or the Consumer Price Index. Rather, they would simply be granted out.

At first blush, for simplicity's sake if nothing else, it sounds like an appealing proposal. However, this proposal, particularly in combination with the proposed budget cuts, will serve to further constrict the number of meals available to poor, older persons. And, frankly, coming at a time when the social willingness to help care for its poor, older members is rapidly retreating, this proposal serves also to rub salt in the wounds.

In Philadelphia, we have been using cash supplements for the past several years, due largely to the nature of the majority of the physical plants that our senior centers are located in and other logistical problems that may well be unique to our area. Many agencies with which we are familiar find commodities to be a better form of help because of the lower cost of the surplus commodities in comparison with food in the marketplace, due largely to USDA's tremendous purchasing volumes. Over the past few years, our revenues from USDA have grown steadily at a rate of about 9 percent. This was achieved through both the CPI indexing of the reimbursement and by finding efficiencies that allowed us to increase the number of meals served. Since USDA support increased as the number of meals increased, we actually were able to afford an expansion of our nutrition programs at a time when we were losing money at a rapid rate to inflation and cuts in supporting sources of revenue, like the former title XX program.

This will all come to a halt under this proposal. Based on previous experience, this new policy would mean a loss next year of $51,000 to PCA nutrition programs. First of all, no matter how well you manage, eventually operating costs hit bottom, and all efficiencies have been found. We have done that. Second, the combination of losing over $348,000 in Federal funds and losing some USDA funds will mean a significant loss of meals to both the homebound and the ambulatory elderly poor.

In summary, the USDA cashout proposal will have the direct result of compounding cuts that already will deprive several hundred older people of badly needed nutritional services each day in Philadelphia alone. The toll will be huge nationwide.

The food stamp program subsidizes the purchase of food by low-income households. Participation by the elderly in the food stamp program has increased by 42 percent since 1978. The major reasons for this increase are the removal of the purchase requirement and increase in the extent of poverty among the elderly. Some 1.7 million households with individuals over 60 currently receive food stamps. Almost 2.5 million individuals, or 10 percent of all recipients, are elderly. (Source: "Analyses of the Impact of the Fiscal Year 1982 Budget on the Elderly," Select Committee on Aging, 1981.)

Under the President's proposed 1983 budget, 92 percent of all elderly and disabled households would lose all or part of their food stamp benefits (Congressional Budget Office). The estimate is that 2.2 million food stamp recipients are elderly or disabled, and about 760,000 would lose all or part of their benefits. The average loss would be $16 a month or $192 per year.

If Congress were to enact the administration's plan to reduce benefits by an amount equal to 5 percent of their disposable income, an elderly couple living on social security payments of $425 a month would have its food stamp benefits slashed by 62 percent, or from $312 to $120 per year. Another proposal, to eliminate the $10 minimum benefit, designed to aid the elderly, would reduce the same couple's benefits another $18 a year. Another proposal would allow for further cuts from 35 to 50 percent in food stamp allotments, if the couple receives Government energy assistance (OAR, February 19, 1982).

The threat of hunger is very real to an older, low-income person with no other resources upon which to reply on in an emergency. The seriousness of this threat is particularly acute in the winter, making the proposal to offset food stamps with energy assistance particularly cruel.

PCA administers funds to give emergency grants to senior citizens in either a fuel crisis or food crisis. The clear relationship between the two needs for fuel and for food was evident as the requests for emergency food grants increased as the temperature dropped. In the past 2 months, 250 people received emergency food grants for an average of $55 for a total of $13,800. During the same period, 96 older people received an average of $110 for emergency fuel needs for a total of $10,700.

For someone with extremely limited funds to get through the month, the choice between food or fuel, eat or heat, is not a cliche. The proposal to count emergency energy assistance as a source of income for the purpose of decreasing the amount of food stamps received only accentuates this choice. Many of the recipients of PCA's emergency food grants needed those grants because they had exhausted their food stamps. In addition, they had exhausted their financial resources to pay for fuel.

In Philadelphia, 459,000 people receive food stamps. Assuming 10 percent of these are elderly, almost 50,000 older persons receive this form of support. If 92 percent of these people are either denied help altogether or have their allotment cut as a result of the administration's proposals, approximately 46,000 will have less support for food than they do now. Senior citizens who have relied on food stamps and thus been able to subsist without participating in meals programs will be forced to turn to PCA for meals at the same time that PCA is required to cut back on the number of meals available.

For people who need them, the "social safety net" programs are interwoven with economic transfer programs such as food stamps, energy assistance, and SSI. Cutbacks in these transfers will force people into a shrinking safety net.

The trend resulting from the proposed cuts is, and will increasingly be, to limit services more and more to the most deprived, most needy group of people who can be served. We deplore the cutting back of income programs and services to such a point that people who were able to live independently with a minimum of help will be faced with depleting their resources or undermining their health to such an extent that they become among the neediest—thereby requiring a higher, more expensive level of support. We also wish to point out the contradiction of reducing the number of meals supplied to the point where only the recipients of the lowest income levels receive meals, while expecting to increase the contribution level. While proposing to serve fewer meals to fewer people, and to people with lower incomes, we feel that it is totally unrealistic to expect contributions to increase. On the contrary, we suggest that contributions will decrease under that situation.

At PCA, the average contribution per meal during the last fiscal year was 7.7 cents. The Federal portion of our per meal cost of $3.61 was $3.06, giving up a percentage of 2.5 percent of the Federal dollars make up by contributions. This low percentage reflects the reality of serving a poor population. PCA already targets its services to the low-income elderly. Further targeting cannot be expected to increase contributions.

Since the estimate of the number of meals to be lost nationally resulting from these cuts assumes an increased contribution level, we suggest that it is optimistic. It is likely that more than 70,000 meals per day will be lost as a result of these policies.

Before I finish, I would like to make a comment on the additional impact of the proposed elimination of the title V, senior community services employment program, on the nutrition component of the Older Americans Act. Of the 167 participants in the employment program who work in PCA's 32 senior centers, 32 are nutrition aides. The others play equally important roles in the administration of senior centers as clerical workers, programs aides, and friendly visitors. The elimination of these positions will decrease the level of services provided and increase costs. There will definitely be an adverse impact on PCA's ability to provide much-needed nutrition programs to senior citizens.

Senator GLENN. Do you have any marginal cases that are at home and because of the home delivered meals are able to stay at home rather than go into a nursing home, which would be far more expensive?

Mr. JANIS. Senator, in order to be sure that that point was emphasized and stressed, you will find it in the narratives and the pictures I have presented of the 11 individual cases.

Senator GLENN. We have these narratives and I will submit them for the record.

The President's fiscal year 1983 budget assumes an increase in non-Federal support for nutrition services from 13.3 percent in 1979, to 20½ percent, a $120 million increase in fiscal year 1983. I know you have had a very active program, Mr. Janis, in Ohio, to try and get as much support—private support as you possibly can. But do you think it is realistic to expect increased participant contributions when it is likely that the number of participants will decrease if Federal funding is reduced?

Mr. JANIS. I would not doubt that we will. We have had an increase over the last couple of years, and on the whole, as has been testified to, we find that those persons in the poorest circumstances are the ones who usually respond with increased contributions.

But there is a fallacy that I would like to address myself to, related to your question, which is related in my testimony, and that is that the expression on the part of the administration that we can look to a greater extent to the private and local public sector—well, as you know, in our own State, we developed the only statewide discount program in the country. That program is supported by over 31,000 merchants. There are 1,100,000 persons who carry what we refer to as a Golden Buckeye card. The program has been in existence for 6 years. It is recognized that the savings to those who use it amounts to over $70 million annually.

At the same time, our total funding from the Federal Government for programs that are under the Older Americans Act represents about $37 million. But that only represents a little less than half of the total amount we expend in behalf of the senior citizens in Ohio.

So the local community, plus the State, come up with an amount in excess of the $37 million.

Senator GLENN. One of the difficulties is that we are asking volunteerism to take up some of these things. But at the time we need the greatest help, it is the time when we have the greatest problem getting that help. A recession is a time when you will not have a lot of increase from business and individuals that are already hard pressed. They may be accustomed to giving to United Fund drives or to a church charity, but when they are hard pressed and their own incomes are down, we are not in a very good spot as far as asking people to come up with volunteerism, to help with these additional needs.

So we are in a time period when I question whether we will be able to have local communities and local volunteers take up this burden that the President has asked us to take up.

Mr. JANIS. Mr. Chairman, from my own experience, I can cite, and I am sure Mr. Williams would corroborate this, even in this kind of a period of economic downtrend, you will find older persons willing to give of themselves in various capacities and they do, and that is what holds our programs together.

But as you say, it is still the responsibility of our Federal Government to provide the seed and so my point—and I want to express this above any other, and I want to relate it to figures—we serve about 95,000 persons through our congregate meals and home delivery program. Regardless of economic situations which to a great extent affects the younger generation more than it does the older, that is, those over 65; 30 percent in Ohio of those persons who are 65 and over have incomes under $6,000 a year. That means if we reduce that down it represents about 240,000 households.

Our nutrition program participants represent only a portion of that figure. Although we have nutrition programs in addition to those that are funded through the Older Americans Act, we need an increase, not a reduction in Federal funding so that we are able to stimulate a greater participation from the voluntary section.

Senator GLENN. Do people use food stamps to purchase their congregate or home-delivered meals?

Mr. WILLIAMS. In Philadelphia we do not encourage the older persons donating their food stamps. We feel at best we are providing one-third the nutritional needs. They need food stamps to make up the rest. We do not encourage the use of food stamps. The people we serve really need those stamps.

Senator GLENN. How about in Ohio?

Mr. JANIS. We do not encourage it but we do accept them.

As a result, any reductions in the food stamp program would have a very deleterious effect against the nutrition program.

Senator GLENN. I will turn this over to staff again. I have to get back to the floor. I appreciate your forebearance for a very difficult situation.

Mr. Rother [presiding]. I would just like to pursue one other area of questioning that has to do with the title V program and its interrelationship with the nutrition programs we are talking about today. What effect would the proposed elimination of the title V program have on nutrition services that are funded under title III of the Older Americans Act in Philadelphia and Ohio?

Mr. Williams. I have some comments in my testimony. However, I would like to point out that we did a survey because as we sit here there is a meeting going on in Philadelphia among agencies that use title V, Older Americans Act, and we are trying to assess the damage that will be done if it is zero funded as the President has proposed. There are 167 seniors. We have information that 32 of those people work as nutrition aides, that is, are actually involved in the serving of the food in the congregate meal programs. We certainly do not have the staff or resources to replace those various senior aides should that program end.

Of the remaining 135, many serve as friendly visitors and work in the centers doing clerical work. They are also involved in social group kinds of activities. We can no longer afford to fund what some consider soft services, dances, and card games and those kinds of programs which lend themselves either to volunteers or to being lead by senior aides.

So what we are saying is that senior aide programs of the title V as presently utilized in Philadelphia make up a major amount of the support for senior centers. Without them, we do not think there will be resources to replace that effort.

Mr. Janis. I certainly would, Mr. Chairman, corroborate those statements.

In our particular case, in the State of Ohio, as of right now, we have 662 persons who are under our title V program. That is the one under our jurisdiction. As you know, only a part of the title V program is funded through State units, the majority being funded through national contractors. So perhaps there are three or four times as many employed through the national contractors operating in Ohio.

From my standpoint, it is the value, the value to the community that is represented here, as well as the value to the individual person. There has been some discussion this morning on what about health care costs. Well, I feel that our older Americans program is, as this title V program is, directly directed toward those kinds of activities that will defer the kinds of institutionalization to which Senator Chiles made reference.

Our effort, and this is a good program through which to do it, is to extend the active life of the individual so as to reduce the possibility of early medicare or medicaid costs. The variety of programs we find these individuals in is very extensive and one of the most important ones—I was delighted when I had the opportunity of speaking on this particular program to Senator Denton's subcommittee—is one of senior citizens in school programs, speaking to children regularly each week as a part of the school curriculum in the elementary schools. This is therapeutic not only to children themselves plus creating a better understanding intergenerationally, but at the same time, it is of tremendous value to the older person. It makes them feel wanted.

In the final analysis, our 662 title V persons have an average income, prelow employment under this program, of $3,208. The majority of the individuals who are employed in this program in our State are women, 79 percent are women. A great number of them are living alone. So you can see the tremendous value.

I sense from what is being offered, that the administration intends to supplant it with another program. But I hope that whatever is done does not cause any breaks in the existing program, because of its important value.

As Mr. Williams has stated, we also in the State of Ohio are utilizing the services of many of the title V participants in our senior centers.

We have placed a great emphasis on the development of senior citizen centers and that is why I was particularly happy when in the last Reconciliation Act or reauthorization of the Older Americans Act, that social services was changed to support services and senior centers. I think our future, as Senator Melcher mentioned this morning, is to be directed to the community focal point centering around these centers.

Centers can be great focal points to the low-income, middle-income, and high-income older persons, and also serve as a means by which to treat this understanding between generations. We in Ohio have 389 senior citizen centers and we are adding them at the rate of 25 each year.

Mr. Rother. Commissioner Janis, Mr. Williams, let me apologize again for the problems we had this morning. The committee very much appreciates your testimony. Your statements have been put in the record in full, and if there are any additional questions that any members of the committee wish to ask, I hope you will agree to answer those in writing within the next 10 days as the record is kept open.

I would like to ask you if there are any final comments that you would like to make, in view of the fact that we did not get a chance to hear your statement.

Mr. Williams. I would like to emphasize a point I heard many people make and that is the connection between energy and food, and the fact that the energy assistance grants be counted against food stamps.

In Philadelphia, we have raised a fair amount of money, maybe $50,000 or $60,000 a year from private foundations and individuals, and we administer an emergency fund grant and the fund has two purposes, emergency fuel problems and emergency food problems. Once in a while, clothing and shelter, but primarily food and fuel.

We have seen a direct relationship in terms of the number and the amount of requests we have received over the winter months, whereby when it is very cold and of course fuel bills are very high—not only do the requests for fuel increase, but the requests for food increase. So we think, although we have not done an actual study, but we think it is very clear that the old cliche, heat or eat, is in evidence there. That people have to make decisions between food and paying fuel bills and to have to discount food stamps because one receives energy assistance would be a tremendous hardship to older persons.

Mr. Janis. The only comment that I would like to make is to reinforce those statements that I have made earlier and that is, we must recognize that this segment of our population is a burgeoning one. It is continuing to grow and all demographers point to the fact that in the next 20 years we can expect individuals over 65 to increase from 11 percent of the population to perhaps 13 to 15 percent, and then to an ever greater percentage in the next 20 to 25 years thereafter.

We should plan for this development. The Older Americans Act is a fine example of legislation in the area of prevention.

In addition to that, the aging network that the Congress, as I said earlier, had created, is now growing, in its sophistication and experience, and they are reaching out, as you heard from Mr. Williams, and this would be true of the area agency directors in our State. They are reaching out in the local communities to a greater degree than ever before and they will continue to do so. But they must be given the kind of support that they have been given in the past years in relationship to the increase in the population.

Finally, I would like to say, although I have spoken here and presented testimony because it is pertinent to Ohio, that as a member of the board and active in the National Association of State Units on Aging, I know that the situation that we find in Ohio would be found in each of the other States, and I know that each of the other directors would protest as strongly as I about the contemplated reductions.

Mr. ROTHER. Well, Commissioner, Mr. Williams, thank you for your patience and for your excellent testimony. This hearing is now adjourned.

[Whereupon, at 12:37 p.m., the committee adjourned.]

APPENDIX

MATERIAL RELATED TO HEARING

LETTER AND ENCLOSURE FROM JON BLAIR HUNTER, DIRECTOR, REGION VI AREA AGENCY ON AGING, TO SENATOR JOHN HEINZ, DATED FEBRUARY 25, 1982

DEAR SENATOR HEINZ: Please enter the enclosed as testimony for your committee's hearing on impact of the administration's proposed cuts on food stamp and nutrition programs for the elderly.

Sincerely,
JON BLAIR HUNTER.

Enclosure.

PROPOSED BUDGET CUTS IN PROGRAMS FOR THE ELDERLY

The Reagan administration's 1983 budget now before Congress plans major cuts in programs for the elderly, poor, and disabled. President Reagan had stated earlier that aging programs would be spared the budget ax. His new budget, however, proposes to take a sizable whack out of services for the elderly.

Marked for extinction is title V, the senior community employment program, which provides 54,200 jobs nationwide for low-income older workers. Programs targeted for reduction include: Senior center programs, elderly nutrition, medicare, medicaid, energy assistance, food stamps, and housing.

The congregrate meal program for the elderly is slated for a $28 million cut, while the home-delivered meal part of the program is to be reduced by $9 million.

Reagan's proposals for medicare will require the elderly to pay more for their health care bills. The part B deductible will be tacked onto the Consumer Price Index which increases regularly with inflation.

Medicaid recipients will be required to make small copayments on doctor and hospital visits. States are asked to come up with 3 percent of what the Federal Government now pays to make health care available to the poor.

Planned for elimination is the $10 minimum food stamp benefit designed to assure low-income elderly and disabled households at least a $10 monthly benefit. This cut would affect about 500,000 households.

Section 202 elderly housing would be slashed by $425 million, reducing the number of new units planned to 10,000, down from 17,000 in the current year.

The Reagan plan to eliminate title V senior employment would seriously impact the region VI area. According to Marlene Franchini, coordinator of the region VI title V program, 135 senior aide positions would be lost in the six-county area. The Marion County senior aides program would be the hardest hit, losing 89 positions. The loss of the title V program would also hurt region VI senior centers and congregate nutrition sites, according to Jon Hunter, director of the Region VI Area Agency on Aging. "Many of our local projects rely heavily on the use of senior aides to help cut costs and to offset the pressure from other cuts."

According to Mr. Hunter, there seems to be a public misconception that senior citizens programs have not been affected by past cuts. This is far from true. "In fact, many senior programs are on the verge of elimination if all these cuts go through. The cuts translate into lost staff and lost services to senior citizens."

"Reagan's new round of proposed cuts will in fact come on top of cuts that went into effect since October 1981." Mr. Hunter offered the following breakdown of budget cuts sustained by senior citizen projects in region VI: Doddridge County has lost 1½ positions (one-half time senior advisor and the equivalent of one outreach position); Harrison County—four positions (one full-time and 2 part-time social workers and one outreach worker); Marion County has lost 1½ positions (one outreach worker and reduced hours for the senior center nurse); Preston County has lost the equivalent of one position (reduced hours for the senior center nurse and three van drivers cut one-quarter time); Taylor County lost 1½ position (1 senior advisor and the equivalent of one-half outreach position).

(Prepared by: Peter Laska, coordinator for outreach and advocacy, Region VI Area Agency on Aging.)

REGION VI AREA AGENCY ON AGING: EFFECT OF PREVIOUS AND PROPOSED BUDGET CUTS

DODDRIDGE, HARRISON, MARION, MONONGALIA, PRESTON, AND TAYLOR COUNTIES, W. VA.

I. Effects of the Previous Budget Cuts

During the past year a series of budget cuts have affected county aging programs.

(A) Title XX social services cuts by the Federal Government effective October 1, 1981: Region VI lost—Doddridge County $2,767 in their adult day care program; Marion County $1,370 in their telephone reassurance program; Monongalia County $4,639 in their homemakers program; Preston County $2,099 in their home health; and Taylor County $3,375 in their home health for a total of $22,015.

(B) 4.3 percent Federal cut in senior centers and nutrition for the region effective October 1, 1981: $1,168 senior centers; and $2,075 nutrition for a total of $3,143.

(C) 10 percent State freeze cost region VI $8,653 in State discretionary funds which we had planned to use to help offset title XX cuts.

(D) All of these cuts have led to reduced service personnel over the last year. Doddridge County has lost 1½ positions (one-half time senior advisor and one outreach worker). Harrison County has lost four positions (one outreach worker, two part-time social workers, one full-time social worker). Marion County has lost 1½ positions (reduced hours of nurse and lost outreach worker). Preston County has lost one full-time position (reduced hours of nurse and reduced three van drivers one-fourth time). Region VI lost an outreach worker. In addition, many employees forgo salary increases and some took reduced salaries or hours.

II. Effect of Proposed Cuts

(A) Proposed State cuts: $93,079 is region VI's portion of the $700,000 WVCOA one-time III–B funds allocated for 1982; $500,000 recommended by the Governor for 1983.

(1) Of this $93,075, $70,248 is allocated for transportation. Without the $70,248 of this money allocated for transportation (van drivers and gas and maintenance) in region VI, the following counties would lose: Doddridge County $8,199; Harrison County $18,488; Marion County $15,061; Monongalia County $7,627; Preston County $13,278; and Taylor County $7,655; for a total of $70,248.

All of the above counties say they would not be able to operate their vans to provide transportation if these cuts go into effect. Since most of their transportation is to the nutrition programs, it's estimated 1,000 people per week who ride to the nutrition programs would lose their transportation and subsequently their meals. This breaks down as follows: Doddridge County 325 per week; Harrison County 295 per week; Marion County 160 per week; Monongalia County 65 per week; Preston County 125 per week; and Taylor County 30 per week; for a total of 1,000 per week.

(2) The remainder of the $93,075 is allocated for nutrition or $22,304 calculated at about $3 per meal. This means we would lose $7,474 meals in region VI broken down as follows:

	Meals	Expenditures	Cost per meal for 1st quarter	State moneys	Reduction in meals
Bicounty	16,482	$47,920	$2.91	$8,999	3,092
North Central	14,165	41,562	2.93	6,652	2,270
Preston/Taylor	11,554	36,447	3.15	6,653	2,112
Total, for region IV				22,304	7,474

(3) If the State welfare department doesn't receive the $11 million it has requested to replace Federal social services cuts, it's estimated about $700,000 would be lost to region VI for social services which includes homemakers and chore services, home health services, telephone reassurance, transportation escort, and information and referral/outreach services.

(B) Proposed Federal cuts:

(1) Besides the possible loss of social services, we have been informed that President Reagan wants to eliminate the title V senior community employment program, which provides part-time employment (20 hours a week) for low-income seniors. In region VI we have two major title V SCEP programs. Marion County's $360,000 budget employing about 90 seniors. The rest of region VI—$201,000 budget employment about 45 seniors. About half of these seniors are employed in senior programs providing services. Therefore, not only are 135 low-income seniors losing their jobs and necessary income, but the senior programs are losing 135 half-time employees who drive vans, answer phones, do outreach, type, etc. This is about two-thirds of all the employees of senior programs. Obviously, this is a devastating blow to senior services.

(2) Also slated for major budget cuts in the administration's budget proposal are home delivered meals 17 percent, congregate meals 11 percent, and senior centers 10 percent. For region VI, if these percentages are passed through, we would experience the following cuts:

	Current 1981–82 region VI allocation	1982–83 proposed region VI allocation	Amount of cuts for region VI
Nutrition:			
Home delivered meals	$126,393	$104,906	$21,487
Congregate	252,777	224,972	27,805
Senior centers	356,866	321,179	35,687
Title V	561,000		561,000
Total	1,297,036	651,057	645,979

All told, this means we will lose almost half of our funds for senior citizens programs, on top of previous Federal and State cuts, which means the total 1982–83 budget could be as little as one-quarter to one-third of what it was for 1981–82 and this does not even take into account the proposed Federal cuts in block grants or local governmental funding.